

# FINANCIAL TIMES

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Wednesday December 23 1987

D 8523 A

Czech Communist  
Party leader faces  
uphill battle, Page 2

## World News

### Mugabe and Nkomo sign merger agreement

Zimbabwean Prime Minister Robert Mugabe and opposition leader Joshua Nkomo signed an agreement to merge their political parties, paving the way for a one-party state.

The merger of the two parties will give Mr Mugabe all but one of the 140 seats in the two-tier parliament. Page 14

### Gelli sentenced

Italian financier Licio Gelli was sentenced by a Geneva court to a suspended term of 10 months for bribing a waiter who helped him escape from a Swiss prison in 1983. Page 2

### Peking assurance

Igor Rogachev, the Soviet deputy Foreign Minister, wound up two days of talks with Chinese officials by saying the results of the Washington summit would help contribute to better Sino-Soviet relations. Page 3

### Eagle flies home

An American bald eagle, found exhausted and starving in Ireland after flying across the Atlantic, winged its way home first-class by jet with a send-off from Irish Prime Minister Charles Haughey.

### Spanish lottery

Spain granted to a halt yesterday as its Christmas lottery, the world's biggest, showed \$745m among winners.

### Korean talks

Kim Young Sam, defeated South Korean presidential candidate, has changed his mind and decided to enter into talks with the ruling party over National Assembly elections next year. Page 5

### Women's rights

Mozambique has amended a law under which women married to foreign husbands lost their citizenship when they now have the right to choose their nationality.

### Quebec candidate

Jacques Parizeau, Quebec's Finance Minister from 1976 to 1984, will run for the leadership of the opposition Independent Parti Quebecois. Page 4

### Shake-down cruise

The world's newest cruise liner, the French-built Sovereign of the Seas, sets out across the Atlantic Ocean next Tuesday on a shake-down voyage before its maiden cruise in the Caribbean.

### Border reopens

The Kenya-Uganda border has reopened following violent border clashes last week.

### Sudanese advance

Sudan said yesterday its troops had recaptured the town of Kurmuk on the border with Ethiopia nearly seven weeks after it was taken by rebels.

### Yugoslav strikes

Strikes by Yugoslav bus drivers demanding big pay-rises paralysed the cities of Banjaluka and Koper.

### Trade agreement

Zimbabwe and Botswana have averted the threat of a trade war by agreeing to extend a 31-year-old trade agreement for a further three months.

### Kabul attack

Afghan guerrillas hit Kabul with bombs and rockets killing more than 20 people as a major Government offensive was under way.

### Serbian president

Retired General Peter Gracanin has been elected president of the Yugoslav republic of Serbia.

### Iraqi raid

Iraqi aircraft attacked Iran's Larak Island off terminal at the mouth of the Gulf, setting three tankers ablaze. Page 8

### Somali shuffle

Somali President Mohamed Siad Barre named new ministers of foreign affairs, finance and defence.

## Business Summary

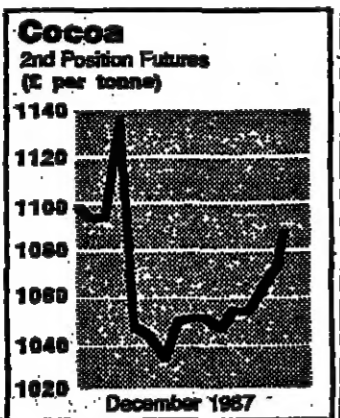
### IBM in bid to develop fastest computer

International Business Machines, world's biggest computer company, is to team up with Dr Steve Chen, considered one of the foremost computer designers in the world, to develop a supercomputer which they hope will be 100 times faster than existing machines.

The new joint venture would allow IBM to break into the fast growing market for ultra high performance computers needed for activities such as scientific research, engineering and weather forecasting.

BLUE CIRCLE Industries, Britain's largest cement group, was the subject of an unsuccessful "down raid" in the stock market as a mystery buyer tried to pick up nearly 15 per cent of the group's shares. Page 15

COCOA prices continued to rise in London as traders covered their positions in the run-up to the holiday. The second position



Wall Street: The Dow Jones industrial average closed down 11.93 at 1978.45. Page 23

LONDON: After a day of see-saw trading, the FT-SE 100 index ended 2.8 lower at 1,747 and the FT Ordinary index edged up 3.8 to 1,408.9. Page 22

TOYO: Light selling pulled equities broadly lower in very quiet trading. The Nikkei average lost 215.82 to 22,741.02. Page 25

DOLLAR: Closed in New York at DM1.5230, ¥124.40, SFR1.5315 and FF5.5052. It closed in London at DM1.5285 (DM1.5340), ¥124.60 (¥127.00), SFR1.5326 (SFR1.5385) and FF5.5050 (FF5.5225). Page 21

STERLING: Closed in New York at \$1.5395, £1.5285, DM2.9800 (DM2.9850), ¥231.75 (¥232.00), SFR2.4225 (SFR2.4275) and FF10.0775 (FF10.0810). Page 21

MAZDA MOTOR: Japanese car and truck maker in which Ford of the US has nearly a 25 per cent stake, had its pre-tax profits halved in the year to October in spite of a decline in sales of just 1.5 per cent. Page 15

JAPANESE Government adopted an economic forecast for 1988-89 beginning April 1 which predicts growth of 3.5 per cent in real terms. Page 5

BERKHAM: UK drugs company, is to spend \$3m (\$5.48m) on increasing production of a range of its newly acquired anti-arthritis medication, Reliflex. Page 7

WORLDS OF WONDER: Financially-troubled California toy maker, has filed for protection from its creditors under Chapter 11 of the US bankruptcy code. Page 18

SKANDIA: Sweden's largest insurance group, is to acquire a minority share in Pohjola, Finland's biggest insurer, reciprocating Pohjola's newly acquired 10 per cent holding in Skandia. Page 16

BIERKOHLE: West Germany's largest coal producer, said sales and production fell again in 1987 due to unfavourable conditions in the energy industry. Page 16

WFP: acquirative UK marketing services group, claims it has created "the largest retail design group in the world" with the takeover of Stewart McColl Associates, one of London's biggest design groups. Page 6

## Plenty of room in Bethlehem's inns, but no tourists

BY OUR ISRAELI CORRESPONDENT IN BETHLEHEM

THIS IS a good Christmas for tourists in Bethlehem. If you're not deterred from coming by the teargas and burning tyres, Molotov cocktails and live ammunition that have afflicted the remainder of the Israeli-occupied West Bank for the past two weeks.

The manager of the Holy Manger Stores, who complained that there were more journalists than tourists in town, offered a 50 per cent discount on an exquisite Last Supper, hand-carved in olive wood. "Usually \$120," he said, "yours for \$60."

He has had to cut his seasonal staff from 12 to three. An assistant in the Holy Land Arts Museum, one of the biggest gift shops in Manger Square, near the Church of the Nativity, said she had just served her first customer in four hours when I spoke to her.

Around the corner, in the Milk Grotto, another shopkeeper said he had not done any business all day. Business, he confided, was down 80 per cent on a normal December.

"Most of the people here live from tourism," he added. "In a good year at least half of our turnover comes at Christmas. This time we shall get nothing."

This must be the bleakest Christmas in two decades for the little town of Bethlehem. The Israeli Tourism Ministry claims that 50,000 visitors have booked for the holiday week, but it looks as if they have either cancelled their trip or decided to stay across the old border, in Israel proper.

Mr Elias Freij, the usually ebullient Arab mayor, acknowledged yesterday: "What with the strikes, the casualties, the deaths and arrests, this is a gloomy Christmas."

The US State Department's advice to Americans to stay away from the West Bank and Gaza was the last straw. "It will have very sad consequences in Bethlehem," Mr Freij said. "It will discourage pilgrims and tourists from coming and other governments will follow suit. But even before this I had the impression that very few people were coming."

Hoteliers and tour operators are worried that the present unrest will hit bookings for the Holy Land's other peak season, Easter and the Jewish Passover.

People tend to plan their trips three or four months ahead. A travel agent in Arab East Jerusalem reported yesterday that 45 per cent of his February bookings had already been cancelled.

Mr Avraham Sharir, Israeli Tourism Minister, announced this week that a record 1.2m visitors came to Israel in 1987, an increase of 25 per cent on 1986. Next year looks like being less rosy.

US criticises Gaza policy, Page 14

## OECD says market crisis will cause economic slowdown

BY IAN DAVIDSON IN PARIS

THE CONSEQUENCES of the world stock market and financial crisis which erupted in late October are likely to be a modest if sustained weakening of economic growth in the industrialised world, according to the Organisation for Economic Co-operation and Development.

But the OECD warns that the overall international economic situation could be more serious if financial markets were not persuaded that enough was being done to restore international payments imbalances.

In Europe, where unemployment is very high and likely to rise, the OECD suggests in its semi-annual economic outlook that the impact of the crisis-induced slowdown could be offset by appropriate joint action.

"European countries now face a clear challenge of devising and implementing policies that would improve their economic prospects individually and as a group."

A necessary condition of co-ordinated action in Europe is that West Germany must take the lead in introducing stimulative fiscal measures. "Even taking account of the 1988 tax cuts and discounting any adverse direct effects of the stock market crisis, the German economy may continue to grow below its medium-term potential over the remainder of the 1980s. Additional macro-economic policy action is necessary to achieve more satisfactory performance."

This part of the OECD prescription was sharply rejected by the Bonn Government, which argued that "the present economic situation does not require further measures."

Germany "necessarily" has a central role in any co-ordinated European economic strategy for faster growth, because other European countries have, on an individual basis, very limited room for manoeuvre. In France, the short-term outlook for activity is weak, but improving it depends on lower interest rates and a better export performance.

The British growth rate has been buoyant, but inflation and wage increases are out of line with those elsewhere. Economic growth in Italy is vulnerable to the budget deficit, the fragility of the external position.

The new overall projection for economic growth in the OECD area has been reduced by ½ percentage point in both 1988 and 1989, to 2.4 per cent in 1988 and 1.8 per cent in 1989.

These projections remain broadly unchanged from those published six months ago, but the overall aggregates contain significant changes for individual countries.

The US growth rate is expected to be ¼ percentage point lower than in 1987. Continued on Page 14

## Reagan approves budget deficit-cutting package

BY OUR FOREIGN AND ECONOMICS STAFF

PRESIDENT Ronald Reagan yesterday signed a deficit-reduction package combining spending and tax measures forged after the Wall Street collapse, saying it will place our country on the right course.

"There's still more to be done," Mr Reagan said in a White House Oval Office ceremony at which he used eight pens to sign the thick stacks of legislation.

While commenting on the package for its work, the President also criticised lawmakers for cramming so much into two bills. "While I agree with these bills at this time, it must be said that wrapping up the entire legislative business of our country into two thousand-page bills on the eve of Christmas is not the way to do business," he said.

The President said the package would "place our country on the right course toward reducing the federal budget deficit and continuing the longest peacetime expansion in history."

His approval will pave the way for a statement by the Group of Seven leading industrial nations re-affirming their commitment to international economic co-operation.

The statement welcomes the budget deal and recent efforts by Japan and West Germany to strengthen their economies, but is apparently less explicit than previous declarations on the group's joint commitment to stabilise the dollar.

Mr Reagan's approval of the package will reduce the projected 1988 deficit by more than \$30bn with a \$45bn cut the following year.

The main component of the package, passed by Congress early on Tuesday morning, is a "continuing resolution" providing for \$50bn of overall spending in the next fiscal year to September 1988. It contains a range of cost-cutting measures including \$5bn from military programmes and \$2.6bn from domestic spending.

The other part is a \$17.5bn tax and entitlements bill, which contains \$9bn in new taxes for next year, cuts in Medicare costs and farm subsidy reductions.

About \$7.5bn of the deficit reduction would be accomplished through refinancing of government loans, including US military loans to foreign countries.

The US could also gain \$20m to \$25m from legislation which denies American corporations double taxation relief on profits earned and taxed in South Africa.

Altogether, the package should meet the target of reducing the deficit for this fiscal year set by the White House-Congressional budget negotiating teams earlier this year.

Senior officials involved in drafting the G7 statement said its looser wording on the dollar in part reflected US reluctance to commit itself to defending any particular level.

Continued on Page 14  
Feature, Page 18

## Europe may move over BCal

BY TIM DICKSON IN BRUSSELS AND MICHAEL DORRIS IN LONDON

THE EUROPEAN Commission disclosed last night that it may take legal action to challenge certain aspects of the newly agreed takeover by British Airways of British Caledonian Group, the UK airline.

Officials in Brussels are understood to have been in touch with BA and drawn attention to conditions attached to the £250m (\$457m) takeover which the commission says contravenes the European Community's competition rules.

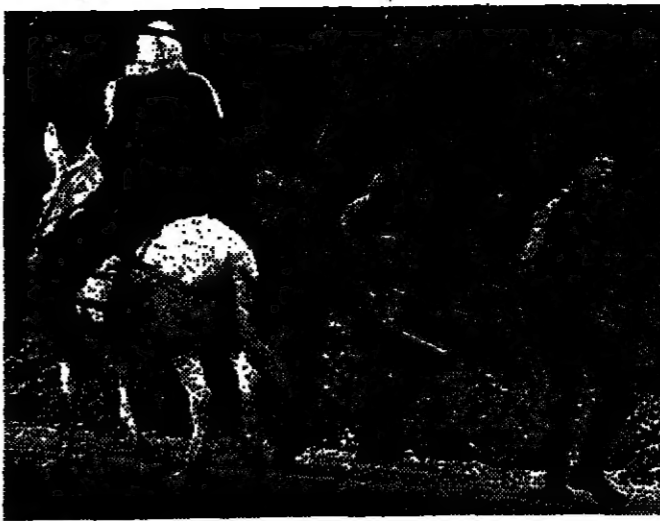
In particular, the question of BA's new route concentration in

plains with the commission in Brussels aimed at blocking the takeover.

Mr Bishop's group cited several examples in which it believed the takeover failed to satisfy many aspects of European law recently reinforced by successful judgments in the European Court against similar mergers.

These examples included the BA's dominant market position after the takeover and the airline's ability to block other bidders for European route licences.

Continued on Page 14  
Feature, Page 18



The streets of Gaza were quiet yesterday after two weeks of violent demonstrations during which at least 21 Palestinians have been killed in clashes with Israeli forces

## Moscow wants UN talks on Gulf ceasefire

BY ANDREW GOWERS, MIDDLE EAST EDITOR

THE SOVIET UNION yesterday called on the other four permanent members of the United Nations Security Council to convene a special meeting of their military chiefs of staff to examine ways of enforcing a ceasefire in the Gulf war, including an arms embargo against Iran.

Mr Vladimir Petrovsky, Deputy Foreign Minister, told a news briefing in Moscow that his Government would propose convening the UN's Military Committee - a long-dormant part of the organisation's peacekeeping machinery - to discuss a mandatory ban on arms sales to Iran and a "parallel" move to replace foreign warships in the Gulf with a naval force under the UN flag. He made clear, though, that the Soviet Union did not regard the withdrawal of foreign fleets as a precondition for agreeing to an arms ban.

Western diplomats said the statement, which confirmed signals Moscow has been giving at the UN in New York, appeared to mark an important step towards a "parallel" move to replace foreign warships in the Gulf with a naval force under the UN flag. He made clear, though, that the Soviet Union did not regard the withdrawal of foreign fleets as a precondition for agreeing to an arms ban.

But Mr Petrovsky's insistence that a UN force is not a precondition for work on an arms ban means that there appears to be room for negotiation.

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## First Boston to sell stake in building

By Frederick Crum in New York

FIRST BOSTON, a leading Wall Street securities firm, hit by heavy trading losses this year, expects to reap a \$80m pre-tax profit from selling its interest in the company's Manhattan headquarters.

In a complex deal announced yesterday, First Boston sold its 22 per cent stake in Park Avenue Plaza to its partner, Fisher Brothers, a New York property firm, paid off a second mortgage and cashed in its equity in its office leases by raising them from below market value to market value.

"In effect we translated the value of these pieces into cash," a senior executive said. Both parties declined to state the overall value of the transactions.

First Boston said it will continue to occupy about 40 per cent of the one million square foot mid-town skyscraper which was completed in 1981.

It was the second major New York property deal in three weeks involving a Wall Street firm. Previously, Salomon Inc, parent of Salomon Brothers, decided to drop out of the controversial Coliseum office building project, resulting in a \$51m after-tax fourth quarter charge.

Salomon said, following staff cuts and a major restructuring, it would have enough office space in its current downtown buildings.

Wall Street firms have been scrambling to cut costs and raise cash to repair the damage inflicted by October's stock market crash. It is believed, however, that First Boston began negotiating with Fisher Brothers much earlier this year.

Last month, First Boston told its employees it had been in the red in October because of "significant losses" from speculating on takeover stocks during the crash. It was, however, the "only major problem" from the market plunge, Mr Peter Buchanan, chief executive, added.

Although the firm declined to specify the size of the risk arbitrage loss, it was widely believed on Wall Street that the sum exceeded \$60m.

A number of other firms, including L.P. Rothchild, suffered similar losses after plunging stock prices prompted many suitors to drop takeovers.

First Boston also suffered badly during April's collapse in bond prices with losses estimated by outside analysts to be around \$100m.

The firm disbanded the team responsible for saying the risks of the trading strategies were excessive.

It was one of the sharpest reminders yet of Wall Street's great difficulties in analysing and controlling the risks involved in trading certain new types of financial instruments.

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CONTENTS	
Europe	2
Companies	10
America	4
Companies	15
Overseas	3
Companies	16
World Trade	4
Britain	5-6
Companies	18-19
Agriculture	20
Arts - Reviews	11
World Guide	11
Commodities	20
Crossword	22
Conventions	21
Editorial comment	16
Euro options	22
Financial Futures	21
Gold	20
Ind. Capital Markets	18
Letters	14
Law	14
Management	9
Men and Matters	12
Money Markets	14
Raw Materials	20
Stock markets - Sources	20, 22
Wall Street	20, 22-23
London	22, 23-25
Technology	17
Unit Trusts	20-22
Weather	14
World Index	20

Ronald La's retirement as chairman of the Stock Exchange marks the end of an era, Page 22

India, Pakistan: Arranged marriages put romance in the shade	3
Turkey: A novel approach to attracting capital investment	4
Management: Building a better corporate image	9
Wall Street: The end of a roller-coaster year	12
Editorial comment: OECD report: try harder; A momentous judgment	12
BA/BCal merger: Monopolies Commission on trial	13
Lex: Blue Circle; BP/Britoil; primary dealers	14
Technology: The transistor - Ma Bell's Christmas gift to mankind	17

# Governments must act to avoid threat of recession

**BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT**

Partly because of the stronger impact of the stock market slide in the U.S. the balance between

The Outlook projects a fall in

likely to leave the deficit in 1988 and 1989 little changed from the level of 1987.

close, West Germany is likely to experience only a small reduction in its surplus.

tion, which was already weak, will deteriorate further under the impact of slower growth in

the industrialised countries. The outlook for their export revenues has been adversely affected by the stock market crash and by correspondingly weaker commodity prices. "For most developing countries debt problems remain a matter of major concern. The prospects for a return to financial viability still appear remote for most of the 'problem' debtors," it says. Multilateral efforts undertaken so far to alleviate the debt crisis seem unlikely to make a significant dent.

before rising again to 10.5 per cent two years hence, the OECD says.

Czechs too must be wondering if, after all these years, Mr Jakes can lift the tragic atrophy and deep malaise in Czech cultural and political life. For the moment, widespread scepticism outweighs any optimism.

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## Tokyo expects rate of growth to accelerate

BY STEFAN WAGSTYL IN TOKYO

THE JAPANESE Government yesterday adopted an economic forecast for the 1988-89 financial year which predicts a further increase in the country's already rapid rate of economic growth.

The Government expects the economy to grow by 3.8 per cent in real terms in the financial year that will start in April 1988, following a predicted 3.7 per cent rise in the 12 months to the end of March 1988.

The forecast was adopted yesterday by Prime Minister Noboru Takeshita's cabinet, which is expected to consider today its draft 1988-89 budget.

The economic outlook, prepared by the Government's Economic Planning Agency, follows a host of private estimates published in the last few days and predicting increases in growth ranging from 3.2 per cent to 4.3 per cent.

The Government's own figures reflect the optimism with which Japanese economists, bankers and industrialists are viewing the domestic economy, despite the October crash in world financial markets. They also highlight the Government's confidence that it has fulfilled promises made to its economic partners this year to stimulate growth.

According to the official report, the Government is expecting a 4.7 per cent increase in domestic demand due to continuing strong consumer demand and a sharp jump in industrial investment. The increase in

investment in industrial plant and equipment is forecast to rise from 7.7 per cent in the current financial year to 9.8 per cent in 1988-89.

After almost standing still in 1986-87, industrial production is forecast to rise by 6.6 per cent in the current financial year and by 7.6 per cent in 1988-89.

The present surge in private house-building, stimulated by soaring land prices in Tokyo and elsewhere, is forecast to level off. Private residential investment is expected to rise by 1.8 per cent next year against a predicted 18.5 per cent in the current financial year.

Foreign demand for Japanese goods, hit by the strong yen, is forecast to fall by 1 per cent. Japan's current account surplus for the 1988 financial year is expected to fall by \$10bn from a predicted \$72bn for the current year.

Prices should remain stable according to the Economic Planning Agency's report, with an expected rise of 0.8 per cent in wholesale prices and 1.3 per cent in consumer prices.

The Government says it will promote steady expansion of the economy, led by domestic demand and based on stable prices. The programme of public works, which was expanded this year, is to be maintained by using funds raised in the recent sale of shares in Nippon Telegraph and Telephone.

## Kim Young Sam agrees to talks on elections

BY MAGGIE FORD IN SEOUL

MR KIM YOUNG SAM, a defeated South Korean presidential candidate, yesterday changed his mind and decided to enter talks with the ruling party over National Assembly elections to be held early next year.

While continuing to insist (along with Mr Kim Dae Jung, the other opposition presidential candidate) that the election last week was rigged, Mr Kim Young Sam said that South Koreans should continue to try to fight for democracy through elections.

He asked the ruling party, led by Mr Roh Tae Woo, the president-elect, to defer the Assembly elections until after the presidential inauguration, due on February 25, and to redesign the present constituency system.

Urging Mr Roh to act speedily to pursue national reconciliation, he said the ministers of defence, home affairs, and culture and information should be dismissed over the unfair election, and a new Cabinet appointed.

A spokesman for Mr Kim Dae Jung's Party for Peace and Democracy said that talks on the National Assembly law could be held in the new year. The PPD is continuing its efforts to investigate alleged unfairness in the election, but is now itself being

investigated by the Seoul prosecutor's department as a result of allegations that it spread false rumours.

Interest in the claims of unfairness appears to be waning as South Koreans rush to complete Christmas shopping delayed by the election and finish work before the New Year holiday.

Meanwhile, the Government appears to be making progress in its efforts to secure eastern bloc participation in the Olympic Games to be held in Seoul next year. Hungary and East Germany have accepted an invitation to attend and Mr Park Se Jik, head of the Seoul games organising committee, said that the January 17 deadline for national acceptances could be extended to encourage North Korea to take part.

Mr Nobura Takeshita, the Japanese Prime Minister, sent a message to Mr Roh promising help in staging the games and in South Korea's efforts to establish diplomatic relations with China.

Peking has unofficial economic ties with South Korea, but is an old ally of the North. Mr Roh is reported to want to visit China before his inauguration.

## Dissident Chinese student jailed

By Robin Pauley, Asia Editor

THE CHINESE authorities have jailed another student for involvement in campus protests last year, indicating that the persecution of dissidents is being pursued in spite of official assurances that the protests were neither significant nor serious.

A court in Shanghai jailed Yang Wei, 32, a US-educated student, for two years for inciting campus protests and stated that a dissident Chinese magazine based in New York had "betrayed the motherland".

Yang Wei was accused of "conducting demagogic propaganda for counter-revolutionary ends".

His arrest in January triggered protests in the US and Congress passed a non-binding amendment saying that asylum could be given to any of the 22,000 Chinese students in the US who feared similar treatment on their return.

## Peking given Soviet summit assurances

MR IGOR ROGACHEV, Soviet Deputy Foreign Minister, wound up two days of talks with Chinese officials by saying the results of the latest US-Soviet summit would help contribute to better Sino-Soviet relations, ear Peking correspondent reports.

At a news conference in Peking, he was also optimistic about the possibility of a summit between Mr Mikhail Gorbachev, the Soviet leader, and Deng Xiaoping, China's elder statesman.

"We consider the results of the Washington summit will positively influence everything, including Sino-Soviet relations," Mr Rogachev said. "We think a meeting between Chinese and Soviet leaders will eventually take place."

To underline Moscow's interest in better relations with Peking, Mr Rogachev announced that a working group of Chinese and Soviet officials would begin detailed discussions next month in Moscow on the disputed Sino-Soviet border.

John Elliott reports on the success of the Indian and Pakistani tradition of arranged marriages

## Weddings which put romance in the shade



Benazir Bhutto forsook freedom for tradition when she married Asif Zardari

"SLIM, tall, fair-skinned, attractive, convent-educated, 34-year-old Oxford and Harvard graduate, progressive outlook, seeks good-looking man of landed Sindi background, modern and willing to permit independent pursuit of public career. No dowry wanted."

This small ad has never appeared in the matrimonial columns of Karachi's Dawn newspaper, but its specification was no doubt in the mind of Miss Benazir Bhutto's aunt when she set out a year or so ago to arrange a marriage for a highly westernised niece, whose public life as the leader of Pakistan's main opposition political party made a preferred conventional romance impossible.

Last Saturday, Miss Bhutto married her aunt's choice, a 34-year-old building developer and landowner, forsaking her earlier open and free ways for a traditional arranged marriage. Like most other men and women in Pakistan and India, she was turning aside from an increasingly westernised and consumer-oriented society to accept a partner she scarcely knew.

Here was the latest of three glittering Moslem and Hindu weddings in the worlds of politics, former royalty and international business, which have taken place on the Indian sub-continent during the November-December marriage season.

Like most marriages in India, and in Pakistan where women's rights are specially limited, they were all arranged to a greater or

lesser degree by parents and older relatives. This was partly to satisfy religious and social conventions that make western-style dating and courting difficult, if not impossible. Such arrangements are also aimed at protecting the succession of property, status and the traditions of castes, tribes, religions and other communities,

ranging from India's Hindu former maharajas and members of the tiny proud Parsi religion, to Pakistan's Sindi feudal landlords and its Moslem Syed tribe who claim to be the direct descendants of the Prophet Mohammed. People living abroad, especially in the US, also find arranged marriages, often through newspaper adverts, the

only way to secure a partner.

The Bhutto-Zardari wedding bound together two feudal land-owning Moslem families of Pakistan's southern province of Sindh. A "royal" wedding 10 days ago linked Kashmir and Gwalior through the marriage of two Hindu members of the princely Kshatriya strand of the Indian land-owning Rajput caste.

An extravagant wedding was celebrated last week between two Hindu trading families, who emigrated to India from Sindh at the time of partition 40 years ago and now run international businesses in Europe, the Middle East, and the US. A wish for a Sindi marriage led to them back to their roots. The match links the Hinduja, originally from the Shikapur trading caste, and the Mukhi from Hyderabad near Karachi.

"We chose a bride from our area because, as Sindis, they have the same background, so there are no different cultures and traditions to create problems," said Mr Srichand P. Hinduja, father of Shanu, the 23-year-old bride. "But we are liberal - we gave them two months to decide after we had chosen them." Mr Janki Mukhi, the father of Suren, the 24-year-old groom, added laughing.

The couple in the Kashmir-Gwalior match met at a dinner arranged by the parents after the bride, from the Gwalior side, had rejected her parents' earlier suitors. They got on well, played

badminton, said they wanted to get married and were engaged for a year. "So it's not really an arranged marriage, nor even guided, but let's say encouraged," said Dr Karan Singh, heir to the defunct Kashmiri princedom and father of the groom.

Such a marriage is little different to those in many western families, and a parallel is often drawn between the careful family vetting for, and restricted choice of, Prince Charles with Lady Diana Spencer. European royalty apart, however, the main difference is that the young on the Indian sub-continent assume that their parents will make a wise choice, or offer range of sensible options, whereas parents in the west are rarely given such credit or respect.

In India, a young woman's unmarried affairs make her a less marketable partner - not so much so for a young bachelor. In Pakistan, where women's scope is less, many rich, urban, Moslem women appear to see marriage as an opening to discreet affairs and sexual freedom denied to single people. "Marry someone rich and then enjoy yourself," one professional woman in her 30s was advised by a 65-year-old, distinguished, female relation.

In the feudal areas of Pakistan, such as Sindh, it is quite usual for a rich man to have more than one wife. Miss Bhutto's late father, the prime minister Mr Zulfikar Ali Bhutto, was married in an arranged feudal match with a woman about 10 years

older, when he was 13. She stayed in the interior of Sindh and he then chose Begum Bhutto, his generally recognised wife and Miss Benazir's mother. Later he had a third, long liaison.

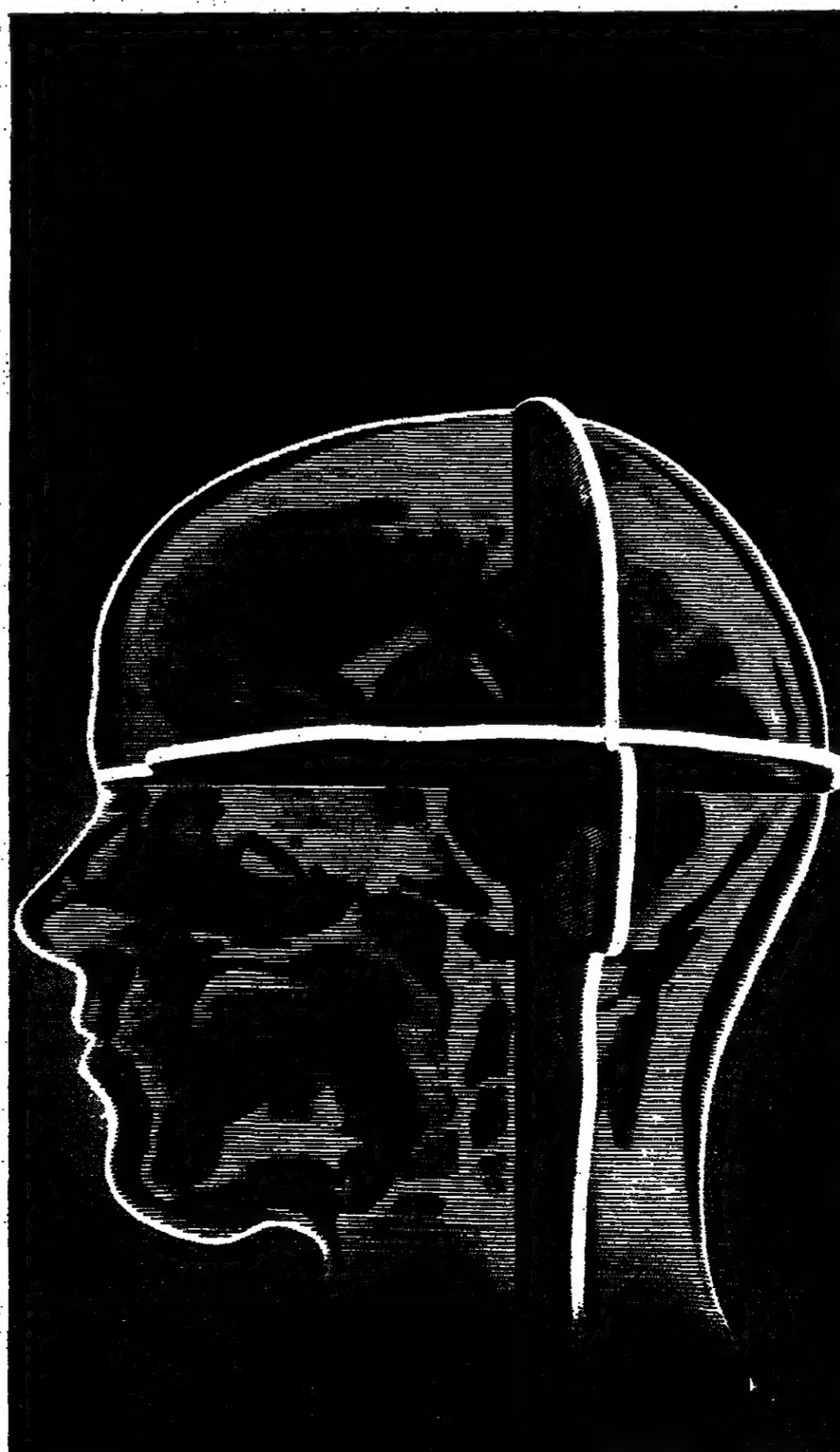
Although styles are changing, even the most modern women accept that an arranged marriage may well have more chance of success than a love match. "You put more effort into making an arranged marriage work because of the family pressures on you - and you don't get annoyed just because he snores," said an Indian international airline stewardess who hopes to make her own choice one day.

Thus the idea of an arranged marriage, which horrifies western sensibilities and causes problems for immigrants to the UK and elsewhere, has virtually total support on the sub-continent, if not total observance.

One young Pakistani engineer, who lives in the US, is to arrive in Lahore this week to inspect three women who have been vetted by his mother on four criteria, in this order: fairness of skin, shape and beauty of face, family pedigree, general demeanour. The wedding date has been set for early next month, the hall booked and the invitations gone to the printer with a blank left for the bride's name. The man intends to make his choice, marry, obtain her a US visa and take her back with him to the US - all within the next three weeks.

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## AMERICAN NEWS

## US budget-making evades tough political choices

THE last-minute resolution of the 1988 budget on the eve of the Congressional break for the Christmas holidays has again focused attention on US budget making. The process is both consuming inordinate amounts of legislative time and energy, yet still not addressing decisively the political choices that need to be made to tackle the nation's fiscal problems.

The budget accord was sent promptly to the White House. There are two bills for President Ronald Reagan to sign, one implementing the tax increases and one containing spending provisions. Together they are designed to reduce the budget deficit by some \$30bn in 1988 and a further \$46bn in 1989.

Mr Reagan's approval seemed assured. In the final tense hours of negotiation legislators on Capitol Hill dropped provisions that the President had threatened would lead to a veto of the budget legislation, including one which would have required broadcasting stations to give free air time to opponents of views expressed in earlier programmes.

The budget legislation does, however, contain numerous provisions which it is assumed the White House would have opposed if they had not been rolled up into the two spending and taxing packages. One is a massive so-called "continuing resolution" providing for \$800bn of overall spending to replace the 13 individual appropriations bills that have not been passed separately.

## Brazil tax package 'bearable'

BY ANN CHARTERS IN SAO PAULO

REACTION TO Brazil's much-awaited fiscal reform package announced on Monday ranged from boredom to businessmen in Sao Paulo stating that once again the onus of reducing the Government deficit fell on the private sector paying increased taxes, while government expenses were minimally cut.

Acting Finance Minister Mr Nelson da Nobrega said that the package was intended to help contain the 1988 government deficit to 2 per cent of GDP, compared to a 5 per cent expected deficit of 5 per cent.

## Stewart Fleming in Washington on the slow progress of key legislation

bill which makes the changes in law required to adjust the tax code and so called entitlement programmes such as the Federal medical insurance system, benefits under which are not varied by annual Congressional appropriations.

The tax legislation for example contains a provision which denies American corporations double taxation relief on profits earned and taxed in South Africa. The provision was inserted by critics of apartheid and designed as a further tightening of sanctions against South Africa. The Administration has consistently opposed imposing economic sanctions against Pretoria.

In spite of the spending cuts and the \$9bn of additional taxes which are scheduled for the 1988 fiscal year most private economists are still predicting that the Federal budget deficit will rise from the \$148bn recorded in 1987.

An extraordinary rise in tax revenues last year which will not be repeated in 1988 accounted for much of the decline in the 1987 budget deficit from the \$231bn recorded for 1986.

Without the \$30bn of deficit reductions for 1988 many private

economists have forecast that the deficit would have risen to between \$180-200bn. These projections are of course heavily influenced by the underlying economic assumptions and in recent years forecasts have been notoriously unreliable.

To those who argue that the budget process is to blame, however, comes the response that the failure of the process is partly a manifestation of the conflict over political priorities amongst legislators on Capitol Hill as well as between the Democrat-controlled Congress and the Republican President.

The fact that the additional \$76bn of budget deficit reductions for 1988 and 1989 has been approved at all is attributed in large part to the plunge in the stock market on October 19, which triggered a renewed effort by the White House and the Congressional leadership to tackle the deficit issue in order to try and reassure the financial markets.

That effort, however, is being judged at best a marginal success. No major changes in spending or taxing priorities have been made which will ensure that over the next several years the deficit will be eliminated.

On the other hand the fact that a compromise has been reached, and one which includes some increases in taxation in spite of Mr Reagan's fierce opposition to any rises in taxation, supporters of the budget package say, provides some grounds for hoping that the deficit may be tackled more vigorously by Mr Reagan's successor.

## Moscow disarms in war of ideas

MR Charles Z. Wick, head of the US Information Agency, says Mr Mikhail Gorbachev and other Soviet officials told him they wanted to take the harsh edge off the propaganda war between the superpowers, AP reports from Washington.

"It looks like we are now abolishing a whole class of weapons in the war of ideas - disinformation," Mr Wick said on Monday.

During the past year, US officials have complained increasingly about Soviet disinformation, including reports that the US government developed AIDS, that it has a weapon which kills only non-whites and that it played a role in the assassination of Mrs Indira Gandhi, the Indian Prime Minister, and others.

Mr Gorbachev, during a meeting last September with Mr George Shultz, US Secretary of State, complained about American charges that the Kremlin was lying about the US.

Their heated exchange seems to have led to a high-level review of Kremlin propaganda and, on October 30, the Soviet newspaper *Izvestia* carried an article that quoted two senior Soviet scientists who were refuting earlier stories that AIDS was developed in a US government programme. AIDS was a natural development, they said.

During the December summit in Washington, Mr Gorbachev and other Soviet officials said they wanted to cool the propaganda war, Mr Wick said.

Mr Wick, close friend of President Ronald Reagan, met on December 9 Mr Sergei Loev, head of the official Tass news agency, Mr Aleksandr Akhymov, head of Soviet radio and television, and Mr Valentin Malin, head of the semi-official Novosti news agency.

"We had a surprisingly agreeable meeting," Mr Wick went on. "They indicated there would be no more disinformation. Then they went to accuse me of an unfriendly tone in the voice of America," the official US radio station, he said. "This is apparently a new policy, which we hope is for real."

## Tim Coone reviews violent reaction to a backdrop of discontent Paraguay's bitter 'democracy'

"DEMOCRACY without communism" says a large sign nailed over the shack that makes do for an immigration and customs office at Paraguay's river port of Encarnacion. Unlike other parts of entry to many Latin American countries, it does not say "welcome".

In case visitors arriving from the other riverbank in Argentina are left in any doubt as to the nature of the sign, the sign adds: "Alfredo Stroessner. Anti-communist action group."

President Stroessner's 33-year-old dictatorship is approaching maturity like an over-ripe fruit preparing to fall. In the eyes of many observers, the decadence and corruption of the regime have placed it in an irretrievable decline from which only an economic miracle, such as the discovery of oil (being searched for in the north of the country) could save it.

The ruling Colorado party, the political base and pillar of the regime, is now deeply divided. The latest and most damaging split occurred last August following a convention to elect the party's authorities.

When it became apparent that there was to be a serious challenge to the President's yes-men being appointed to head the various ministries, that control the party machine, the building was surrounded with police and soldiers and only those delegates who were known supporters of Stroessner's nominees were allowed to enter and vote.

It was a far cry from the barred delegates, Mr Jose Alderete, who is the leader of the youth wing of the party which supports the faction known as the traditionalists.

After the convention, key cabinet posts were taken over by the "militant" faction supporting General Stroessner, and the Colorado party candidates for next

February's elections to the Congress have all been drawn from the "militant" list.

The "traditionalists" have been for all intents and purposes expelled from the party. Mr Alderete claims nonetheless that they are in the majority and in the past have assured General Stroessner of a broad political base of support.

He is now faced with an unprecedented array of opposition forces. Businessmen, the church, trade unions, students and even peasant farmers have begun mobilising and organising themselves to put an end to the regime, adding to the growing confidence of the opposition parties to speak out and face the consequences.

The immediate target is next February's elections, in which General Stroessner has assured himself of the Colorado party's candidacy for another four-year term as President and in which Congressional seats come up for renewal.

Two parties besides the Colorado party have taken the role of opposition in the Congress. The untamed opposition is divided into two camps - one in favour of total abstention in the elections, the other in favour of voting but leaving the ballot paper blank in protest at what they believe will be a major fraud. Voting is compulsory however, and the Government has promised to get tough with those who are campaigning against it.

One such person, Mr Rafael Sagüer, a leader of the PLRA party (Partido Liberal Radical Auténtico) has been kept in solitary confinement since his arrest last August on charges of sedition and incitement to violence, after speaking at an opposition rally. He had called on the Colorado party to choose a presidential candidate which would

enable the country to enter a transition to democracy.

Practically all the Paraguayan political prisoners in the past two years have come from the ranks of the PLRA, which on an international level is ideologically close to the ruling Radical party in Argentina, headed by President Raul Alfonsín. Other prisoners have fared worse than Mr Sagüer.

A report published last month by the Organisation of American States (OAS) on human rights in Paraguay notes "the use of brutality is common. Criminal suspects as well as supposed political infractors of the law, are arrested and during their first or second week of detention are submitted to systematic torture to extract information."

It says women prisoners are also "subjected to sexual abuse and rape".

Elsewhere it notes "the excessive power over the other powers of state, most notably the judicial power. This has resulted in practice that the judicial power has been deprived of the independence necessary to comply with its function as the protector of citizens' rights."

Mr Corazon Medina, a peasant farmer's leader has staged three hunger strikes in the past year against his illegal arrest and conditions of imprisonment. He is at present at liberty "but I am expecting to be arrested again at any moment," he said.

The land question is an increasingly contentious one in Paraguay, as the land reform begun by President Stroessner 30 years ago has run out of steam, and become bogged down in corruption, further eroding the traditional base of support of the regime.

One of the latest political prisoners is Mrs Norma de Pintos, the 21-year-old wife of another farmer's leader who was leading the occupation of a piece of land by 500 families which have been farming it for the past 10 years.

The land reform agency IRR ruled earlier this year that they should be given titles to the property, but instead the Government forcibly removed the farmers in favour of a rival claim made by a French landowner Mr Jose Terbiual. As if that were not enough, Mr Terbiual is a fugitive and wanted by the French police. Mrs de Pintos was arrested in September and suffered an abortion in prison.

Human rights leaders say that the regime is becoming increasingly dangerous, and as it becomes more unstable and isolated will be more liable to use violence against the opposition and even against critics within the ruling party.

Recent declarations by Government leaders that "verbal aggression" leaves little doubt that the anti-communist stick will be used to beat down critical voices from wherever they come.

Mr Domingo Laino, another PLRA leader anticipating a steady disintegration of the Government, said: "If things continue as they are, the regime may not last more than a year."

But if, say, oil is discovered in the Chaco this could give it a margin to survive indefinitely.

Other opposition leaders say it will require maybe two years for the opposition groups to unify a strategy and force the General to step aside from the seat of power. All seem agreed however that the "democracy without communism" that General Stroessner has built around him is power is finally gathering pace to overthrow him.

## Nicaragua peace talks round called off

A SECOND round of Nicaraguan peace talks called off yesterday as the government claimed it had repulsed attacks by the US-backed Contra rebels on the north-east of the country, Reuters reports from San Domingo and Managua.

The Contras refused to meet two foreigners appointed to negotiate a cease-fire on behalf of the left-wing Sandinista government.

Cardinal Miguel Obando y

Bravo, the Roman Catholic Church mediator from Managua, said he hoped each side would reconsider. No further meetings were scheduled and the church delegation would return to Managua as planned, he added.

But President Daniel Ortega of Nicaragua claimed that government troops were pursuing Contras as they fled for the Honduran border, having attacked mining towns in north-eastern Nicaragua.

## Parizeau runs for Parti Quebecois leadership

MR JACQUES PARIZEAU, Quebec's Finance Minister from 1978 to 1984, has decided to run for leader of the opposition, pro-independence Parti Quebecois, Robert Gibbins reports from Montreal.

The top position became available a month ago when Mr Pierre Parizeau resigned suddenly, unable to hold a hardline PQ separatist and moderate together.

Mr Parizeau returned to teaching economics at the University

of Montreal having resigned from the PQ Government in 1984 in protest against the party's plans to drop independence from the top of its programme.

The PQ later lost the provincial election of December 1985 to the Quebec Liberals under the Premier Mr Robert Bourassa.

Former Canadian cabinet minister Mr Andre Blais, and his associate and blind trust co-executor, Mr Normand Ouellet, have been ordered to stand trial on charges of fraud

## WORLD TRADE NEWS

## Italians, Moscow in engineering venture

By David Lane in Milan

THE FATA group, a subsidiary of FKI Babcock, has signed an agreement to establish a joint venture with Promsashproekt, the Russian export organisation. The operation will be based on an Italian joint stock company with headquarters in Turin, where Fata also has its offices.

Fata's general manager, Mr Luigi Bagnasco, said the joint venture was the first of its kind undertaken by the Russian organisation.

Details of the share capital of the new company have not yet been settled, though the Italians and the Russians will hold equal stakes.

Mr Bagnasco said the company will be fully operational by February. It will work in contracting and engineering in the countries, particularly the Indian sub-continent and African states with which Moscow has close ties.

The Soviet organisation will provide market contacts while the Italian company will supply technological know-how.

However, Fata and its Soviet partner will soon be establishing a similar company to operate within the Soviet Union.

Mr Bagnasco said that Fata has already considerable experience working with Soviet concerns.

He noted that collaboration will now be closer, extending beyond the supply of equipment and into support in operations and management.

The Italian company works in two areas, engineering contracting and plant automation. Mr Bagnasco said the main sectors in which Fata operates are agri-industry (refrigeration and packaging), mechanical engineering and metal foundries.

Fata employs 500 and will achieve sales of nearly 1,400bn in the current year. About three quarters of its sales are in export markets.

It has recently announced a long-term agreement with Kenya for various mechanical engineering, metallurgical and agri-industry projects.

## David Barchard reports on the first fruits of a novel approach to attracting capital investment Turkish Premier's pet project transfers into reality

JUST OVER three years after the first publicly mooted "build-own-transfer" franchise model devised by Mr Turgut Ozal, Turkey's Prime Minister, is well on the way to becoming a reality.

Last weekend, the Turkish Government signed the second of 10 contracts involved in setting up a 4 x 350MW, coal-fired power plant at Gaz on the Mediterranean coast, which will be operated on a franchise basis. It also announced that five international consortiums were bidding for a similar build-own-transfer contract to construct and run a metro system in Ankara, the capital.

This marks a significant evolution in the attitude. A year ago, some of the bidders were privately convinced that they did not believe BOT could be applied to transport projects.

Meanwhile in Turkey there is a spate of local "BOT" schemes without foreign involvement, mostly of small hydroelectric projects, but including such novelties as a post office tower and revolving restaurant which is rising rapidly above the Ankara skyline.

Why the Government prefers franchise arrangements for local projects with no foreign partner

is not clear. BOT has generally been seen as a sort of halfway house that will attract foreign investment into joint ventures with a limited time-span for infrastructural projects. These local projects will revert to government ownership so the advance of the private sector is not to be permanent.

The idea is simple, though the technicalities, especially those covering provisions against risk, have become complex. One or more foreign investors form a consortium with a Turkish government agency and operate a venture, such as a power plant, for an agreed period - 15 years in most cases, though 25 years in that of the Gaz power plant.

The project is financed by a limited amount of equity, export credit loans and a commercial loan, with the financing funded by the foreign partner. There is no sovereign guarantee and the investment does not appear as a government balance-of-payments liability. As far as the Turkish Government is concerned, the foreign partner is liable to normal commercial risk. However, price and market guarantees are given, as well as a Treasury promise to step in if the Turkish side fails to make payments on time.

The model should give Turkey, a country which imports about two-thirds of its energy, access to additional energy capacity in the

late 1990s. The Gaz project alone is for a 1,400MW plant to be built and operated by a consortium of Seapac of Australia, Westinghouse of the US and Chiyoda of Japan.

An implementation agreement was signed on December 11, following a week later by a construction one. Further contracts for construction, energy sales, a partnership, coal supply, the technical, operation and maintenance, and share transfer will be signed in the next few months.

Seapac, a company little known outside the Australian state of Queensland, says that the project should be fully operational 48 months from last September.

It will be followed by two others - one a 2 x 480MW coal-fired station at Tekirdag, near Istanbul, to be built by a consortium headed by Bechtel of the US, and

the other a 1,000MW power plant which the Electrical Power Development Corporation of Japan will build at Aliaga, on the Aegean coast north of Izmir.

Each of these projects will use coal imported by sea at a cost of about \$35 (\$19) per ton and produce electricity at a cost of less than 4 US cents per kilowatt to the Turkish purchaser, though the cost to the end-user - in line with existing electricity costs in Turkey - is likely to be far higher, at 8 to 10 cents.

Strong interest has been shown in the projects by bodies such as the International Finance Corporation, which is likely to put up some of the equity for the first one or two power plants.

The expectation is that the BOT model will be used for similar infrastructural projects in the Third World. A more advanced version of it is already being discussed for a project in Pakistan.

However, the Turkish Government has found it harder to attract foreign investors through the device for non-energy projects, particularly in transport.

The Ankara metro project invites bidders to cover only a portion of the total investment cost, with the balance being assumed by the Government. UTDC of Canada, one of the bidders, has offered to undertake 67 per cent of the total cost but most of the other foreign bidders have been much more cautious, offering to put up between 20 and 30 per cent of the total.

It is not yet clear that the Turkish Government will manage to apply the model to what seem to be obvious candidates, toll motorways.

Foreign backers for a BOT scheme could not be found for the Edirne-Ankara motorway project last year. Now the Government is trying again with other motorways, including the 90km Izmir-Salihli, the 80km Izmir-Urfa-Cesme, the 52km Tarsus-Pozanti and a possible 130km Izmir-Bursa, as well as one from Gaziantep to Halep.

With Turkey's debt-servicing ratio already more than 40 per cent, there is a limit to the additional Turkish exposure that banks are willing to undertake, no matter what financial model is involved.

Even so, if things go smoothly for Seapac at Gaz, there is little doubt that many more investors will step forward. The Government hopes this will have strong and positive repercussions on foreign investment in Turkey in general.

Office and Israel Aircraft Industries (IAI) next month. An IAI official said yesterday that, once the development phase was completed, the company would be interested in forming a joint venture with a US defence enterprise to produce and market the missiles.

Another agreement reached last week providing for the joint development and production of night targeting systems for Cobra attack helicopters, will also involve IAI, the main contractor in the Lavi fighter-bomber project.

The US Defence Department says it will finance two thirds of the total cost of this project, which will involve supplying 40 targeting systems to the Israeli air force and 80 to the US Marines.

In a third defence-related deal, the US Congress agreed during Mr Rabin's visit to allocate an initial \$8m for work on Popeye air-to-ground missiles by Rafael, an Israeli weapons manufacturer.

Japan's Ministry of Finance said yesterday that an advisory council had proposed tariff cuts of up to 100 per cent on 107 imported items, including chocolates and skins, and a rise in import quotas on items subject to preferential tariffs, Reuters reports from Tokyo.

The council proposed a cut in tariffs on chocolate confectionery to 10 per cent from 20 per cent, the ministry said.

The proposals are expected to be implemented in the fiscal year starting next April, after passing Parliament early in 1988, officials said.

European countries have urged Tokyo to make the cuts.

The council also proposed tariff cuts of up to 100 per cent on 72 items, including skins, cork products, wool, gold jewellery and electric razors, imported from Spain and Portugal. Both countries became European Community (EC) members in 1986 and their tariffs on Japanese products have since been cut to EC levels.

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Japan may cut tariffs on 107 items

JAPAN'S Ministry of Finance said yesterday that an advisory council had proposed tariff cuts of up to 100 per cent on 107 imported items, including chocolates and skins, and a rise in import quotas on items subject to preferential tariffs, Reuters reports from Tokyo.

The council proposed a cut in tariffs on chocolate confectionery to 10 per cent from 20 per cent, the ministry said.

The proposals are expected to be implemented in the fiscal year starting next April, after passing Parliament early in 1988, officials said.

European countries have urged Tokyo to make the cuts.

The council also proposed tariff cuts of up to 100 per cent on 72 items, including skins, cork products, wool, gold jewellery and electric razors, imported from Spain and Portugal. Both countries became European

## Methane danger prompts review of landfill sites

BY RALPH ATKINS

AN URGENT review of potentially dangerous methane gas emissions from landfill waste disposal sites was started by the Government yesterday.

Her Majesty's Inspectorate of Pollution is sending letters to all local planning and waste authorities warning of a "significant risk of accidental explosion" if sites are not properly managed.

The letter calls for a review of existing site licences and for details of landfill areas close to housing or industry.

It also asks for information about completed sites which have been used for construction or for which planning permission has been given.

The review follows a series of explosions this year caused by gas leaking from landfill sites. These have damaged property, caused injuries and resulted in at least one death.

The Inspectorate is also anxious to deter developers from building on former landfill sites until the danger of explosions has subsided, which can be 10 to 20 years after sites are closed.

In England and Wales about 18m tons of domestic waste a year is deposited on about 4,000 landfill sites.

Theoretically, this could produce up to 3m tons of methane

gas. In addition, England and Wales produced about 50m tons of industrial waste, most of which goes to landfill.

Gas is predominantly a problem on sites developed since the early 1970s. Before then, the putrescible matter in waste, which produces methane, was mainly deposited on gardens or burned in domestic fires.

In its letter to authorities, the Inspectorate estimates that more than 60 per cent of active landfill sites and 76 per cent of those closed in the last 10 years are generating gas in sufficient quantities to require continuing professional surveillance and proper management.

Many site licences issued by local authorities do not require operators to control landfill gas, says the Inspectorate. There is also concern about the lack of information on former sites.

Cleanaway, one of the largest landfill site operators in the UK, yesterday said the action taken by the Inspectorate would help restore public confidence in landfill for waste disposal.

The company said it has a policy of monitoring emissions from closed sites until there is no longer evidence that methane is being produced.

## Fiona Thompson takes the wraps off the yuletide ritual of corporate giving and receiving

### Drinking in the spirit of Christmas present

THE BELLS of Christmas can be heard clinking out discreetly at this time of year. And the flag, the Johnnie Walker and the Famous Grouse. It is the traditional season for giving - and for keeping pretty quiet about receiving, in business circles at least.

Companies will cheerfully recount their list of Christmas presents sent to favoured business contacts - anything from pens and golf balls to hampers full of choice food and drink - but then become remarkably reticent when asked what flows in "just the odd calendar" is the most common response.

There is clearly a delicate balance to be struck to satisfy both propriety - no one likes to feel they can be bought - and, as far as the givers are concerned, the Inland Revenue.

Gift-giving on the international scale can be a still more daunting matter. There are unexpected hazards confronting companies which with the best will in the world, send presents to their business contacts overseas where different standards - in every sense - may apply.

A British shipbroking company will not be sending a gift of ripe Sultan to Japan this Christmas. They did so for ages before someone pointed out that the Japanese detest strong-smelling cheeses: it is about as welcome as fragrant, fermented bean paste would be to the average turkey-eating UK company director.

The Japanese, who follow a strictly hierarchical pattern of corporate giving, try to ensure that their twice-yearly

exchanges of gifts will present the receivers with no enduring sense of obligation. They tend to choose items with a short life: foodstuffs or soaps.

UK business people, on the other hand, are obliged to give presents to one another which promise a little bit more permanence if they are to attract tax relief. By law, companies may spend a maximum of £10 per person on a business gift and claim tax relief. But the gift must not consist of food, drink or tobacco.

This does not seem to deter many from making gifts of consumable, and more especially drinkable, items which do not attract the Revenue's goodwill.

Buyers with long experience in the business will confirm that the holiday, or, depending on your point of view, hellish days of being offered free double glazing, a car service, a paint job for the house or a fortnight in Majorca have long gone. The shifting moral climate has made people wary of accepting gifts which might imply an obligation. But while diaries and calendars may indeed be the most popular gifts these days, alcohol and food follow closely behind.

Research commissioned by William Grant, the whisky distillers, found that 66 per cent of all business gifts between companies come in glass bottles, over two-thirds of them containing whisky. Wine accounts for most of the rest of the traffic.

As for food, Harrods sells 40,000 hampers at Christmas, ranging in price from £25 to £1,375. "The Supreme" version



arrives in something resembling a laundry basket but turns out to have crystal glasses and silver-plated dishes nestled among the pate de fois gras, caviar, and fine wines. According to Ms Zeldin, who manages the food hall's gift box section, about 20,000 of the hampers are ordered by companies - "big, reputable firms, in manufacturing, advertising, banking, the City, public relations and insurance."

So just who receives the Glenfiddich and sides of smoked salmon? Statistics on company-to-company giving are notoriously difficult to come by, but a recent survey conducted by the magazine Chief Executive, among senior UK managers receiving gifts, supports the assumption that the prime givers

are those who supply, and wish to continue to do so.

More than 50 per cent of the 145 managers responding to the questionnaire said it was their suppliers of materials or services that sent them presents.

Mr Paul Stokes, purchasing manager at Jaguar, said: "We have just had the normal traffic over our desks - diaries and calendars from sales managers."

The days of expensive gifts filling buying offices have been on the wane "for some considerable time."

Mr David Boole, the company's director of public affairs, said that whereas 10 to 15 years ago it was common in the motor industry to see lavish gifts

such as diaries, could be received, a fifth of companies set an upper limit on the value of

that an employee must declare anything other than articles of a nominal value to his or her immediate superior who decides whether or not acceptance would compromise them. In practice, "no one would grumble about a bottle of wine or whisky - provided it's not a special malt," said Mr Boole.

Jaguar is somewhat less restrained, however, about its own giving - dealers regularly entertain their best customers to a day's clay pigeon shooting, racing at Silverstone or classical music evenings in stately homes.

John Laing, one of Britain's largest construction companies, provided a comprehensive list of Christmas gifts it sends out - 6,500 company diaries, business card holders, address books, calculators, travel alarm clocks, golf balls, fountain pens, letter openers and pen knives - to its prime business contacts, but declined to comment on the inward flow.

At Marks and Spencer, the conditions of employment state that traditional acceptance of Christmas presents should be treated sensibly, but money in any form and hotel, holiday or other facilities should not be accepted. So buyers are not prohibited from accepting gifts? "I think we can depend on the integrity of our management people," replied corporate press officer, Ms Judith McKenzie.

In the Chief Executive survey, just over half the companies said they had policies on employees accepting Christmas presents. In 55 per cent of cases only token gifts, such as diaries, could be received, a fifth of companies set an upper limit on the value of

gifts that could be accepted, and 18 per cent said managers had to approve before an employee could accept a gift. Only 4 per cent imposed a total ban on accepting all gifts.

As for bosses themselves, about two-thirds said they had personal rules of not accepting gifts in certain circumstances; for instance if they were about to decide on the allocation of a contract or if they felt it would place their company in a position of obligation.

This attitude is one which the Institute of Purchasing and Supply would heartily applaud. As the association for buyers in the public and private sector and in government, the institute has taken a stand against what it calls inducements, according to Mr Peter Rowe, head of external affairs.

When buyers encounter blatant examples of excessive giving, the institute writes to the company concerned, pointing out "in the nicest possible way" that the members' moral code prohibits them from accepting gifts other than those of small intrinsic value.

The ethical problems of Christmas giving and receiving reach even to the summit of the western world. President Reagan, who once gave his wife Nancy a muck-spreader for Christmas, is this year spending \$800 (\$438) on a two-foot carved ivory statue of the Madonnas. It has already been given to her once, by the Pope, but under US law, the Reagans are only able to keep gifts valued at less than \$180, so he is buying it back. A small price to pay for a First Lady.

## Labour challenge over NHS review

BY TOM LYNCH

MR ROBIN COOK, the shadow Social Services Secretary, has challenged the Government to publish the findings of its promised far-reaching review of National Health Service finances and the "major evidence" given to the review.

In a letter to Mr John Moore, the Social Services Secretary, published yesterday, Mr Cook also asked why it was to conduct the review and who would be invited to give evidence to it.

He told Mr Moore: "Any change to the NHS is unlikely to be successful or sustained if it is not supported by a degree of public and professional consensus. Any report that emerges from a review conducted behind closed doors is unlikely to command that public support."

Mr Cook told journalists at Westminster yesterday that he was deeply suspicious of the Government's intentions after the reviews of social security which led to a major overhaul under Mr Norman Fowler.

He said: "The Fowler reviews were conducted in secret by committees packed with government placemen and did not publish a shred of the evidence they received."

"John Moore's replies to my questions should help us know what the Government is up to. If they are going to try to get away with a secret review meeting in private, it will be obvious that ministers have fixed its membership and methods to give them the answers they want."

Downing Street yesterday released the text of a letter from Mrs Margaret Thatcher, the Prime Minister, to Mr Nicholas Interken, the Conservative MP for Macclesfield, who last week presented her with a petition from consultants and junior doctors on the financial condition of the NHS.

Mrs Thatcher repeated her arguments that spending on the NHS had increased both in real terms and as a proportion of an increasing gross domestic product.

She said that the NHS itself generated additional demand for its services by helping people to live longer, by being innovative in its treatments and by increasing its capacity to treat people and no government could ever provide a blank cheque to meet such a rising demand.

## Office systems 'would help' financial services

BY ALAN CAINE

COMPANIES in the UK financial services sector believe electronic office systems would benefit their businesses but find it difficult to explain why.

Research carried out by Arthur Young, the management consultants, on behalf of ICL, the UK-based computer manufacturer, concludes:

"Office systems are perceived to be a 'good thing' by organisations interviewed but, in many cases those interviewed were unclear as to how they could contribute to the achievement of business objectives, if at all."

In the financial services sector, the survey found, management attention was focused chiefly on the changes in the business environment around them - increased competition, deregulation and global marketing - and the need to be able to respond quickly and flexibly to them.

They accepted their existing data processing or management information systems were not able fully to support these requirements, but that office systems - information technology tuned to the needs of individual workers or work groups - could help.

The research discovered, however, that most organisations had

not incorporated information technology in their office systems strategies.

Where systems had been implemented, they frequently failed to meet either business objectives or user requirements.

The Arthur Young research is further evidence that UK business and industry is moving timidly towards the use of information technology and failing to incorporate it into business strategy.

Last month, a study carried out in the north-west by Price Waterhouse, the management consultants, showed that many manufacturing companies had intended to increase their investment in manufacturing automation without reliable indicators as to whether their investment had been successful or not.

A series of studies earlier in the year mirroring research carried out in the US and elsewhere showed a significant level of dissatisfaction with the exploitation of information technology in business.

The main problem seems to be that business analysts have yet to develop a technique for measuring the value of investment in information technology.

## Beecham plans £3m expansion

By Peter Marsh

BEECHAM, the UK drugs company, is to spend £3m on increasing production of a recently introduced anti-arthritis medication at its Ayrshire factory.

The investment will more than double the capacity of the Irvine-based plant to make Reliflex, which is available on prescription in Britain, West Germany and Ireland.

Beecham has applied for licences to sell the drug in several other countries including the US, Italy and New Zealand. Analysts expect the annual world market to reach £100m by the early 1990s.

The company says the expansion, due to be complete by the end of next year, will probably generate about 20 jobs. It has already invested about £100m at the site, which opened in 1973 and employs 800.

## CAA calls for London airports expansion

BY MICHAEL DOWNE, AEROSPACE CORRESPONDENT

THE NEED for the Government to consider longer-term provision of more runway capacity at London airports is stressed by the Civil Aviation Authority.

In a letter to Mr Paul Channon, Transport Secretary, Mr Christopher Tugendhat, CAA chairman, has sent the letter along with the report of the special committee set up last year at the request of Mr Channon, then Trade and Industry Secretary, to study the possibility of increasing the use of runways at Heathrow and Gatwick within existing environmental restrictions.

The decision on when to publish the actual report rests with the Secretary of State, but Mr Tugendhat thought his letter should be published at this stage

because it dealt with longer-term matters the committee thought important to publicise.

Mr Tugendhat said the committee was given strict terms of reference, and its report would "produce small but nonetheless valuable increases in hourly movements, especially during peak periods at both Heathrow and Gatwick."

Wherever possible, the committee's recommendations have already been implemented within the CAA's own powers, but there are some that need the Secretary of State's approval.

Mr Tugendhat specifically draws attention to the committee's view, however, that even the increases in aircraft movements resulting from the committee's work "will not enable

Heathrow and Gatwick to accommodate the currently forecast future growth in demand in the south-east."

With traffic rising strongly, the demand for more aircraft movements at both Heathrow and Gatwick next summer is already at record levels, some 11 per cent higher than last summer at Heathrow and 16 per cent higher at Gatwick.

"While Stansted will be in a position to meet part of future growth when the new terminal facilities become available there in 1991, further measures will clearly be necessary," said Mr Tugendhat.

"The committee believes it is imperative that the Government should give urgent consideration to the provision of additional air-

port capacity to serve the London area."

The CAA had begun a £200m programme to modernise and expand air traffic control facilities over the next five years.

"While these improvements should allow airspace capacity to keep pace with demand, they will not enable present airport runways in the south-east to handle markedly greater numbers of aircraft movements than they can at present."

"Only through the provision of more runway capacity in the London area will UK civil aviation be able to grow in response to demand and the London airports system remain a major hub within the international network."

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This modification is made consequent to a resolution of the general meeting of the shareholders dated 18th December, 1987 of the Company approving the incorporation of the Company to change the financial year end of the Company.

Shares issued upon exercise of any Warrant during the period from 21st September, 1987 to 31st March, 1988 shall entitle the holders thereof to participate in full in any dividend on the shares with respect to the entire six months and ten day Dividend Annual Period from 21st September, 1987 to 31st March, 1988 in accordance with Condition 4 of the terms and conditions of the Warrants.

The Company and the Principal Paying Agent have made a determination in accordance with the instrument that this modification is not materially prejudicial to the interests of the holders of the Warrants.

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## NHS report advises hire of 7,000 youth trainees

BY JIMMY BURNS, LABOUR STAFF

THE DEPARTMENT of Health and Social Security yesterday published a report on the National Health Service, Europe's single biggest employer which, if implemented, could lead to a significant expansion of the Government's Youth Training Scheme.

The report, prepared by management consultants Price Waterhouse, recommends the creation of up to 7,000 YTS placements in the NHS annually as part of the establishment of an innovative national framework for training within the health service.

There are currently only 30 YTS schemes organised locally within the NHS and they involve only 700 trainees. This compares

with a total of 460,000 registered apprenticeships in other sectors under the two year training programme.

According to the report, YTS would be able to provide high quality training for support workers, and would be less costly than alternative training programmes.

However, it notes that it would be "unlikely" to make a large contribution to nurse recruitment which is dependent on more specialised training.

It estimates that the programme, which is subject to consultation with health authorities and staff in the coming months, would not produce more than 2,000 entrants to nurse training a year.

Mr Tony Newton, Minister for Health said that the Government would be "considering carefully" the proposals which he welcomed.

The Royal College of Nursing said it welcomed a national framework for improved training but predicted that the proposal would provide only a "trickle" of new nurses.

Nupee, the health workers union said it would oppose any attempts to use YTS trainees to replace jobs or reduce wages.

YTS has become the accepted focus for youth training in industry and it is widely accepted by most trade unions and politicians that it is set to become a permanent feature of Britain's training infrastructure.

## CAA staff vote to cut Civil Service pay tie

By Jimmy Burns, Labour Staff

MEMBERS of the Institution of Professional Civil Servants employed by the Civil Aviation Authority have voted overwhelmingly to break the link with Civil Service pay in a move that paves the way for a radical pay and conditions package.

The vote, by 1,847 to 265, should mean immediate pay increases, backdated to April 1, ranging from 11 per cent to 41 per cent for the seven main groups of CAA employees.

The CAA welcomed the ballot result. However, it said that in the case of 550 traffic controllers the full implementation of the package was linked to the outcome of continuing negotiations at local level on new working practices.

The negotiations, expected to conclude early in the New Year, mainly involve the introduction of flexible rostering to ensure that more staff are available during peak air traffic hours.

In exchange for breaking with the Civil Service pay link, the IPCS has received assurances from the CAA that the authority will remain underpinned by the Civil Service salary increases awarded to all IPCS members in 1988.

The union believes that in practice its members within the CAA will in the future receive increases over and above those they would have earned had they remained linked to the Civil Service.

## Transport staff foil move to scrap union

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the white-collar TSSA transport union (Transport Salaried Staffs' Association) have succeeded in fighting off an attempt at derecognition within the National Freight Consortium, the UK's largest freight transport, storage and distribution company.

The moves within the NFC and its companies are further instances of small but growing efforts by employers to de-unite, principally by putting the issue of union representation directly to employees.

Although union negotiation within the NFC and its companies has been greatly decentralised since it was privatised five years ago, leaders of the TSSA accused NFC yesterday of a co-ordinated drive towards union derecognition.

NFC denied this, but Mr Bryan Wilson, its corporate personnel director, said following NFC's move to employee ownership, the mood within the consortium was to test present operational arrangements, even if they had existed for some years.

NFC subsidiaries Pickford Travel and British Road Services have both derecognised the TSSA within the past 12 months, and subsequently NFC told the union it was concerned about senior staff representation at its headquarters, and proposed the direct election by employees of non-union representatives. The TSSA says the company

wanted to survey its employees on the proposal using the MORI polling organisation or the Electoral Reform Society, but it was agreed that a ballot should be carried out by the conciliation service, Acas.

But the union won a significant victory when the consortium agreed it would be reasonable, under the terms of the ballot, to count any employees not voting as being in favour of the unionised arrangements.

Less than half the employees concerned voted at all, and of those who did, 48.5 per cent voted in favour of no change in the representation arrangements, and 40 per cent for a mix of union and non-union representation.

Taking the no-change votes with the non-voters, NFC counted this at 71.85 per cent. Since this was less than the 75 per cent level which the consortium had set as the target to be reached if there was to be no change in representation, NFC has suggested that its headquarters staff should have a mix of union and non-union representation.

Mr Wilson said that the Acas vote had assuaged the corporation's doubts about representation, but Mr Norman Hitchen, TSSA assistant general secretary, said: "Their attempt at derecognition has backfired. They won't admit they have got egg on their faces - but they have."

## Top level Cabinet reshuffle rumoured

By Peter Riddell, Political Editor

THE POSSIBILITY of a larger-than-expected Cabinet reshuffle after Christmas is now being floated around the ministerial telephone network, following the mild stroke suffered by Lord Whitelaw, the leader of the House of Lords, 10 days ago.

While Lord Whitelaw appears to have recovered fully with no lasting ill-effects, the expectation among senior ministers is that, partly in response to family pressure, he is likely to stand down as Leader of the Lords, while possibly remaining in the Cabinet for the time being.

The main talking point among ministers in the past week has been the succession. According to the latest, and allegedly authoritative, word from ministers close to Mrs Margaret Thatcher, the Prime Minister, the option of a major reconstruction has been floated.

Under one view this would involve shifting Sir Geoffrey Howe, the Foreign Secretary, over to the Lords as the new Leader. Mr Nigel Lawson, the Chancellor of the Exchequer, would become Foreign Secretary, while Mr John MacGregor, the Agriculture Minister and a former Chief Secretary to the Treasury, would move up to become Chancellor.

The problem with this option is that Sir Geoffrey has been telling friends over the past week that he wishes to remain Foreign Secretary and does not, at present, want to go to the Lords.

Similarly, Mr Lawson has no apparent wish to become Foreign Secretary. He wants to introduce another spring Budget, completing his tax reforms, before considering his future in politics during the summer. This includes the option of retirement to the backbenches.

The alternative view, held by the parliamentary business managers, is that any changes should be limited. Hence a short-term successor to Lord Whitelaw could be one of the recently ennobled ex-Cabinet ministers, such as Lord Crickhowell, previously Mr Nicholas Edwards, the Welsh Secretary from 1979 to 1987. Another less likely option is Lord Colindale, formerly Sir Humphrey Atkins.

A possible candidate mentioned within the existing Cabinet is Mr Paul Channon, the Transport Secretary, a vigorous figure who would be popular in the Lords and who is also unlikely to rise much further in the Commons.

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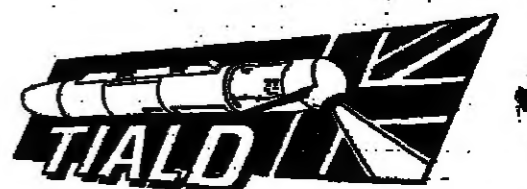
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The world's favourite airline.

## UK NEWS

# Glaxo signs US deal on sales of ulcer drug

BY PETER MARSH

GLAXO, Britain's biggest drugs company, has signed an agreement that could open the way to over-the-counter sales of a version of its highly successful Zantac anti-ulcer product.

The drug, based on ranitidine, the main chemical in Zantac, is due to be sold initially in the US for treating mild stomach disorders such as indigestion and heartburn, a market worth about \$700m a year in the US.

Under the agreement, announced yesterday, the product would be sold in the US by Sandoc, a leading Swiss pharmaceuticals company which is anxious to build up its over-the-counter business.

Glaxo said yesterday it had no plans to make available a non-prescription version of Zantac anywhere other than the US. However, if this happened it would be via licensing agreements similar to the deal with Sandoc.

In contrast to Sandoc, Glaxo is interested only in selling products that are available on prescription. Zantac, which has been on sale for six years, has become the world's biggest selling prescription drug, accounting for just under half of Glaxo's sales last year of \$1.73bn.

The over-the-counter version is expected to be on sale in the US within two years, assuming the US Food and Drug Administration approves it. It could generate annual sales of \$100m within a few years, according to Mr Peter Woods, a pharmaceuticals analyst at Barclays de Zoete Wedd, the stockbrokers.

As part of the agreement, the two companies will promote jointly US sales of a drug under development by Sandoc for treating high blood pressure and other heart-related problems.

The product, which is called Dynacirc and is expected to be on sale next year, is one of a class of drugs called calcium antagonists. It will compete with several other formulations made by companies such as Bayer, Pfizer and Marion Laboratories in a market estimated to be worth about \$1bn a year.

Zantac is among a category of formulations called H2 antagonists that combat ulcers by selectively blocking the secretion of acids in the stomach. The other big-selling H2 antagonist is Tagamet, made by SmithKline Beckman.

By packaging the chemicals differently - chiefly by reducing the concentration of active ingredients - doctors think the products could treat minor stomach ailments.

It is thought that SmithKline Beckman may have similar plans for Tagamet, possibly by launching a non-prescription version in the US about the same time as the new form of Zantac.

## Government puts halt on enterprise zones' growth

BY RALPH ATKINS

THE GOVERNMENT'S enterprise zone experiment is not to be extended in the near future, says a report published yesterday showing that the number employed in the zones had increased by 9,800 last year.

The report, published by the Department of the Environment, says there were 63,300 enterprises in Britain's 23 enterprise zones in December last year. However, the department believes other regional policies are more cost efficient in providing jobs.

The enterprise zones were created in the four years up to 1984 as a test of how far private sector activity could be encouraged by reducing the tax burden and administrative controls on companies. Enterprise zones offer exemption from non-domestic rates, 100 per cent capital allowances and relaxed planning requirements.

Mr David Trippier, under secretary of state for inner cities and urban development, said the experiment showed the private sector could be attracted into inner cities to reverse the stagnation of industry.

The development of land in the zones and the increase of economic activity there is a boost to the surrounding localities, he said. "We shall continue to monitor the progress of the experiment but do not intend to introduce a general extension of enterprise zones."

A second report, prepared by the department, showed that the additional jobs in enterprise zones were transferred from elsewhere in local economies. However, it says the scheme generates activity that feeds back partly to offset these losses.

Enterprise Zones Information 1985-86. Great Britain. HMSO £7.50. Evaluation of the Enterprise Zone Experiment. HMSO £13.50.

## Canal scheme unveiled

FINANCIAL TIMES REPORTER

A \$30m DEVELOPMENT around the Leeds-Liverpool canal is to create 400 homes and an international standard ice rink, the junior environment minister announced yesterday.

Mr David Trippier, under secretary of state with special responsibility for inner cities, said: "I hope that this example of partnership between government, private sector and the local authority will serve as a model elsewhere." Government grants towards the scheme would total between \$3m and \$5m and up to 400 jobs would be created.

The scheme, for a site of 40 mainly derelict acres at Blackburn, Lancashire, will receive a

government urban regeneration grant. Work on the development in the Lower Audley area, which will also include an urban park, craft workshops, offices and shops, will start in the new year and is expected to take five years.

The Government will be working with Probe (Partnership for the Built Environment), a subsidiary of the Lovell Group which has financial backing from Nationwide Anglia and Halifax building societies.

The 2,000-seat ice rink will be built in the first phase of the scheme, which follows an announcement last week of an international ice rink at Liverpool.

## Inquiry on Brent's anti-racist programme

Financial Times Reporter

MR DOUGLAS HURD, the Home Secretary, yesterday announced an independent inquiry into the racial equality programme in schools run by the London Borough of Brent.

Sir David Lane, former chairman of the Commission for Racial Equality, will seek comments from parents and governors on whether the Labour-controlled council should receive a £2m government grant towards the salaries of teachers charged with combating racism.

Brent's anti-racist policies hit the headlines last year when the borough took disciplinary action against Ms Maureen McGoldrick, a primary school head, over an alleged racist remark, which she denied making. The Government intervened to force the borough to drop the case.

The row over that case extended to the council's plans to appoint extra staff to ensure that teachers, lessons and pupils were not racist. The project attracted a government grant on the understanding that the new teachers would help under-achievers from Commonwealth countries.

Mr Hurd blocked the grant last year amid allegations that the new staff were "race spies". Teachers alleged that their new colleagues were inexperienced. However, government education inspectors sent to Brent in the summer defended the anti-racist policy, while criticising the management of the schools.

The borough accepted the inspectors' criticisms and agreed to improve its image and management. A new chief education officer was appointed and the aim was to place equal emphasis on standards and equality.

The Home Office said yesterday that Her Majesty's Inspectorate of Schools would inspect Brent's policy in parallel with the Lane inquiry, which will focus on the management arrangements for the council's Development Programme for Racial Equality (DPRE) and its local impact.

Mr Nicola Parashotam, the council's education chairman, said Brent had invited the investigation. He added: "We hope that Sir David Lane will be given a free hand to form his own judgements of the DPRE initiative based on its educational merits."

## Clarke to tour US inner cities

Financial Times Reporter

MR KENNETH CLARKE, who was last week appointed Minister responsible for co-ordination and presentation of inner-city policy, is to tour inner-city areas in the US.

His five-day visit to look at how the US is regenerating inner cities starts on January 4. It will take in Atlanta, Pittsburgh, Los Angeles and San Francisco.

Mr Clarke, who remains Industry Minister, will also meet industrialists during his stay.

Michael Donne finds there is no peace for executives now the BCal fight is over

## Time for BA to count the cost of victory

WITH THE takeover battle for British Caledonian Airways now over, British Airways faces a period of intense activity in working its new prize into its own web.

The first task will be to restore the confidence of BCal's staff - which, whatever the BCal Board may say, has been severely eroded by the events of recent weeks.

Also, BA will have to determine quickly how much cash - apart from the \$250m it is paying for the BCal shares - needs to be pumped in to keep BCal flying, for it is no secret that the independent airline has been losing money.

BA is now expected to reactivate its "task force" of executives, which was set up when the merger was first mooted, but stood down when the proposal was referred to the Monopolies Commission.

The task force's duty will be to examine all BCal operations - from equipment procurement to staff numbers, to decide how best not only to weld the two airlines together but also to see what needs to be shed.

BA has made clear that up to 2,000 personnel will need to be cut from the combined staffs as routes, equipment, ticket offices and other activities are rationalised. BA says this will be done as far as possible by natural wastage and voluntary retirement, with enforced redundancies kept to a minimum.

Among early changes will be the BA takeover of many of the

BCal short-haul international routes in Western Europe, and the long-haul routes to Tokyo, Hong Kong, New York and Los Angeles, flying out of Gatwick.

Under the terms of the Monopolies Commission's approval for the takeover, BA will be obliged to return to the Civil Aviation Authority within one month all BCal's licences to operate domestic UK routes, including those to the Channel Islands, European routes already operated by BCal (Paris, Brussels and Nice), and European routes for which it holds licences but does not yet fly - Athens, Copenhagen, Hamburg, Oslo, Rome, Stockholm and Stuttgart.

The CAA will put these routes up for bidding by other airlines, with public hearings into applications for them.

Some such bids have already been received - from Loganair for Gatwick to Glasgow and Edinburgh, from Dan-Air for Gatwick-Manchester and Manchester-Aberdeen, and from British Island Airways for Gatwick to Manchester, Glasgow, Edinburgh and Jersey.

Air Europe is seeking to expand its short-haul European network (it recently started flights to Munich). BIA has applied for Gatwick-Nice, while Virgin Atlantic is seeking some of the long-haul routes (including New York, Tokyo, Hong Kong, Muscat and Los Angeles).

The Monopolies Commission terms allow BA to re-bid for any of the BCal route licences it is surrendering, although its applications will be treated on merit.

In the hearings, the CAA may come under pressure not to reward the routes to BA, to do so would be to reduce the volume of competition between UK airlines on international routes.

Maintenance of this competitive remains one of the basic objectives of the Government's air transport policy - a policy which many in the industry believe to have been damaged by the takeover.

To repair that policy, therefore, it seems likely that the CAA will seek to ensure that, as far as possible, the surrendered licences will go to UK operators other than BA, but it will have to be sure that whoever gets them is financially secure enough to fly them properly.



Mr Larry Tisdale, of Investors in Industry (left), receives a cheque for \$100m from Mr Edward Dawney, of Lazard Brothers, in consideration of the 41 per cent holding in BCal that it has sold to BA.

BA's application, made during the heat of the takeover battle, to seek the revocation of all BCal licences, will be withdrawn since it no longer has any point.

BA will also withdraw the outstanding appeals by BCal against the granting by the CAA of route licences to Air Europe for flights from Gatwick to Amsterdam, Brussels, Copenhagen, Frankfurt, Geneva, Munich, Paris and Zurich, thereby ensuring that Air Europe in effect becomes the new "second force" short-haul European international airline.

Similarly, the surrender of up to 5,000 "slots" - take-off and landing allocations - at Gatwick, spread throughout the year, will result in a scramble for them by other airlines, especially those seeking to take over the current

dered BCal route licences. Working out which slots to be released will probably be the duty of the BA task force, but their re-allocation will probably be handled by the Gatwick scheduling committee, which represents all airlines using the airport. It is expected that because those slots have been held by BCal, they will be re-located to UK airlines and not to foreign operators.

Aircraft equipment is a major area of concern. BA will inherit the BCal order for 10 Airbus A-320 advanced-technology airliners, the first of which is due to be delivered next spring, for use on European routes to replace BCal's ageing One-Elevens.

The A-320 is not an aircraft that BA has ever wanted, preferring the smaller Boeing 737 and the larger 747. An examination of the A-320s on the European routes will take place to see how many, if any, of the A-320s BA will keep.

Bcal's plans to buy up to nine McDonnell Douglas MD-11s will be easier to handle, for BA has been studying the MD-11 (alongside the long-range four-engine A-340 version of the European Airbus) as a possible replacement for its own ageing long-range Lockheed TriStars.

The only problem would be over engines. BA has expressed a preference for Rolls-Royce RB-211s, whereas BCal had opted for US General Electric engines. BA would be likely to re-open the bidding.

## Airship contract wins reprieve

BY MICHAEL DUNNE, AEROSPACE CORRESPONDENT

AIRSHIP INDUSTRIES, the UK manufacturer of lighter-than-aircraft, can continue to develop its large airship for the US Navy.

Recent fears that the programme, worth about \$170m (£93.1m) to Airship Industries over the next five years, would be struck from the US Navy's budgetary plans for the 1988-89 financial year have been dispelled after intense diplomatic activity and lobbying in the UK and US.

The cuts were feared because of pressure from the US Senate Appropriations Committee, which is to reduce defence spending to help cut the US foreign trade deficit.

The revised decision means that Airship Industries and Westinghouse, its US associate, can continue for the time being to develop the prototype large airship, Sentinel 5000, which is intended as an experimental test surveillance craft.

The aim is to develop an airship able to hover for many

hours over the fleet at sea and to use a sophisticated avionics package to provide early warning of the enemy.

The US Navy believes that airships, being more stable and able to fly longer, are more suitable and cheaper than fixed-wing aircraft or helicopters.

If the current five-year development contract is successful, the US Navy will consider a further contract for a number of production airships, possibly as many as 50, which could be worth up to \$22m.

different countries is expected to take several more months to collect. However, there are no plans to adopt a different method for analysing risk, the association says, so that firms will find it simple to adjust the figures in their own computerised risk-control systems.

Since the first set of rules on capital backing were published in July, the association has been given additional data on the volatility of different world stock markets and the degree to which they move independently from one another. This has allowed the new rules to take account of the benefits of diversification when a firm holds shares in several countries.

A second refinement is in the calculation of the risks of holding bond portfolios. The revised rules give greater credit for the lower risks of holding matched

## Air Europe signs leasing deal for 10 Boeing jets

BY MICHAEL DUNNE

AIR EUROPE, the independent airline owned by the International Leisure Group, has signed a leasing deal for five Boeing 737-400 aircraft and five Boeing 737-700 aircraft, worth about \$355m (£194m).

Mr Harry Goodman, chairman of ILG and Air Europe, announcing the deal yesterday, said: "The new aircraft will be used on our scheduled routes to Paris, Munich, Brussels, Amsterdam, Frankfurt, Zurich, Geneva and

Copenhagen." The deal is between Mercantile Credit and Air Europe and calls for the delivery of the five 737s in 1988, and the five 737s in 1989.

A second stage of the agreement, to be completed in March, covers delivery of Rolls-Royce RB-211-535E4 engines for the Boeing 737s and Franco-US (SMA-General Electric) CRJ-440-30 engines for the Boeing 737s.

## Ex-Plessey man joins BT team

By Terry Dowdworth

MR DAVID DEY, former managing director of Plessey telecommunications divisions, is joining British Telecom to strengthen the management team responsible for running the UK telephone network.

Mr Dey, 48, resigned from Plessey earlier this month, only a few weeks after the group's telecommunications activities were merged into a joint venture with the General Electric Company.

He will become deputy managing director of BT's UK communications divisions at a difficult point in the group's development. BT has suffered a barrage of criticism this year over quality standards, and has committed itself to attaining a number of improvements next year.

In addition, the company is in the middle of one of the most ambitious investment programmes in digital exchanges launched by any national telephone company.

Most of this equipment is made by the newly-formed GEC-Plessey joint venture, so Mr Dey has an intimate knowledge of the problems in keeping the project on course. There have been some worries at BT about pricing and stability of supply following the merger of its two main suppliers.

Before joining Plessey, Mr Dey spent 25 years in the computer industry with International Business Machines, holding a number of senior management positions in the UK, US and Europe.

At Plessey, where he was on the board, he was seen as one of the leading members of a group of younger managers who had been brought in to expand the business and develop its activities overseas.

Although he became chairman of the operating company for the joint venture, day-to-day management control passed to Mr Richard Reynolds of GEC, and Mr Dey is understood to have felt that he did not have an appropriate role to play.

## Capital-backing rule changes will increase competitive edge

BY CLIVE WOLMAN

A SERIES of refinements were published yesterday to the capital-backing requirements of the Securities Association, which will give a greater competitive edge to the multi-national investment banks and securities firms.

However, the association, the largest self-regulating organisation in the New City structure, has so far made no revisions to its estimates of the risk of holding shares as a result of the greater stock market volatility since the crash of October 19.

The Association and the Securities and Investments Board, the regulatory overseer, are both carrying out separate reviews which may lead to higher figures being used for the historic price volatility and the degree to which they would require securities firms to have more capital backing.

The data on share price volatility over the last nine weeks in

different countries is expected to take several more months to collect. However, there are no plans to adopt a different method for analysing risk, the association says, so that firms will find it simple to adjust the figures in their own computerised risk-control systems.

Since the first set of rules on capital backing were published in July, the association has been given additional data on the volatility of different world stock markets and the degree to which they move independently from one another. This has allowed the new rules to take account of the benefits of diversification when a firm holds shares in several countries.

A second refinement is in the calculation of the risks of holding bond portfolios. The revised rules give greater credit for the lower risks of holding matched

long and short positions, in accordance with the rules applied by the Bank of England. A dispute with the Bank over the drafting of these rules has been settled.

The third set of refinements apply to the rules for assessing the risk of having unsettled bargains with other firms which may become insolvent. The new rules impose a graduated scale of additional capital requirements according to the length of time bargains remain unsettled. After 90 days, 100 per cent of the value of an unsettled equity bargain is considered at risk. For bonds, the limit is 60 days.

For the first time, the association has also issued capital-backing rules for firms dealing in the wholesale money markets and taking positions in currency and interest rate swaps and other instruments.

## Leukaemia clusters found near Sellafield

FINANCIAL TIMES REPORTER

INCIDENTS OF leukaemia among adults living in coastal areas near the Sellafield nuclear reprocessing plant are three times the national average, university researchers say.

The academics from Lancaster University are seeking more cash to investigate whether radioactivity from Sellafield and other nuclear plants in the vicinity is to blame for the higher incidence of the illness.

Their 160-page report, due out in January, follows 12 months of research by Dr John Whitelegg, a medical geographer, Jonathan Burch, a researcher, and David Gurst, a consultant haematologist from the Royal Lancaster Infirmary.

Dr Whitelegg said today: "The answer after 12 months' hard graft is there is a persistent raised incidence of leukaemia going on, particularly in the coastal areas of Lancashire."

"We are talking about a factor of three. We should be getting about three cases a year per 100,000 people, but are getting nine or 10 cases a year, particularly in the Lancaster and Blackpool health districts."

Other leukaemia blackspots include Morecambe, Fleetwood and Lytham St Anne's, said Dr Whitelegg.

His team checked back through medical records of Lancashire, Greater Manchester and Merseyside health authorities between 1982 and 1986 to discover 600 cases of leukaemia, which they found occurred mainly near the coast.

The researchers will now look at the areas near Sellafield, the Copenhurst fuel enrichment plant, Springfield, and Heysham power station near Lancaster, to test whether radioactive pollution has played a part.

## Celltech in £42m share sale

By Martin Dickson

CELLTECH, Britain's leading independent bio-technology company, said yesterday that it had raised £42m from an international private placing of shares.

When the unquoted group announced plans for the offer early this month, it hoped to raise up to \$45m, and a minimum of \$40m. The money will be used to fund its development from a research-based company into a manufacturer of its own pharmaceutical products.

It has raised \$24m from existing investors, with British & Commonwealth Holdings contributing more than \$15m to maintain its near 35 per cent stake. Prudential Assurance is also maintaining its stake of almost 14 per cent.

The placing has brought in new investors from the UK, Europe and Japan. About \$500,000 was raised in Europe, mainly from Swiss investors, while some \$3m came from Japan. October's market fall meant hopes of raising money in the US were abandoned.

## FT to launch free magazine

By Raymond Snoddy

THE FINANCIAL TIMES is to launch its first free, controlled circulation magazine. The international is a monthly aimed at Britons living or working abroad.

The magazine, to be launched in March, will be designed to keep individual UK expatriates informed about everything that affects their money, including offshore investment and tax.

The initial circulation will be 30,000, but Financial Times Magazine estimates that there are about 2m British expatriates.

The editor of the magazine will be Mr Peter Garland, currently personal finance editor of The Times and a former editor of Money Management.



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## MANAGEMENT

## Office architecture

## Building a better corporate image

BY CHRISTOPHER LORENZ

IN ALL the future over Prince Charles's latest assault on the quality of modern office architecture in Britain, one key issue has been all but ignored: the power of good buildings to enhance corporate image.

The main butt of the Prince's controversial speech in London earlier this month were architects, developers and planners. But what about the companies which actually use the "mediocre" office blocks which he detests so much - assuming, of course, that they share at least a measure of his loathing?

Isn't it high time that they played a less supine role, and started to demand buildings that are not only good to work in (a need which is being recognised) but also impressive to look at?

It is in their strong interest to do so - for over 4,000 years far-sighted barons around the world, both corporate and political, have recognised that a good-looking building can do wonders for their public image, and the morale of their employees (or subjects).

As any international traveller knows, even if he or she has somehow escaped all the publicity about the Prince's long crusade against what he calls the "rape" of historic city centres, London is unusually bereft of impressive-looking modern office buildings - whether they are edifices which blend elegantly into their environment, as he prefers, or ones which stand out a mile.

Most conformist buildings, such as the now condemned monstrosities along the City's windswept London Wall, look downright dreary. They conform with the cheerless concrete jungle around them. Nonconformist adventures, on the other hand, are seldom excellent enough to compensate for their jarring arrival among what are often fine historic buildings.

Lloyd's of London's new steel-clad headquarters, controversial winner of this year's FT's Architecture at Work award, is a prime example of this, whatever its chairman might say about the shortcomings of some of the older office

blocks in the neighbourhood.

In many of the world's other financial and business centres, the proportion of fine modern office buildings is very much higher. New York is the most obvious example, with the splendid skyscrapers erected in recent years for the likes of IBM, AT&T and Citicorp.

But Paris also has its fair share, as do Frankfurt and other West German cities now that companies in the Federal Republic have started to turn their backs on the grey, faceless blocks erected in the 1960s and 1970s.

London's comparative bleakness results from a combination of factors, some technical and others largely aesthetic. In West Germany and other continental European countries, many companies build on their own account, wielding great influence over the design of their buildings. But the British office market in inner cities has long been heavily influenced by developers and planners working closely together to try and control the supply of space. If a company wants a new city office, it has always tended to go to a developer, often because it had no other choice.

The result, says Francis Duffy, co-founder and partner of DEGW, a leading firm of architects and space planners, is that "clients have generally been grateful to get what offices they could - any old stuff would do".

In the United States developers have played just as big a role, but since planning controls over the supply of space are looser, more of it has generally been available, and the market has been tenant-dominated. In order to attract tenants, landlords have had to offer buildings with strong identities," says Duffy.

Things are now changing in Britain, partly thanks to the arrival of strong-minded, visually literate American corporations which know how to get the sort of office buildings they want.

This breed has its roots in the Chicago and New York of the late 19th century. But it only really burst forth after

1900, when a spate of American magnates commissioned a whole new landscape of striking skyscrapers right across Manhattan.

Not for nothing were these towers dubbed "cathedrals of commerce": they not only had cathedral-like dimensions but also glorified the organisations they represented.

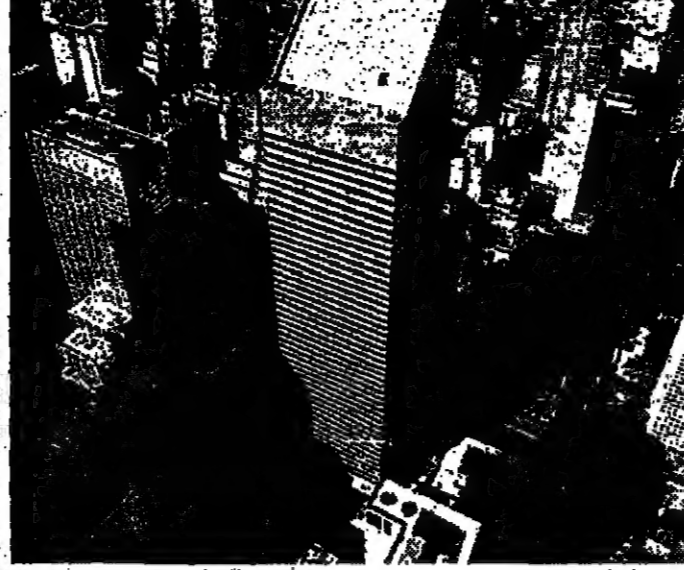
In the ensuing decades such multinationals as Olivetti, IBM, and John Deere became renowned for lavishing great care and attention on the visual impact of their office (and factory) buildings. Deere's award-winning headquarters in rural Illinois, opened in 1964, is a classic example of the way architecture really can express a company's character.

The spectacular steel and glass building, set among landscaped lakes and gardens, was intended to reflect Deere's graduation from insular Mid-western bumpkin into internationally-respected, yet down-to-earth multinational. With its opulent interior spaces and rugged exterior it succeeded brilliantly, presenting just the right balance of corporate characteristics to employees, dealers, customers and the general public.

Very much older examples of best practice are available for today's would-be constructor of corporate glorification. In a paper last month on "Cathedrals, palaces and skyscrapers: corporate messages", Thomas Walton of the Catholic University of America traced the long history of the idea that office architecture is one of the most effective and enduring ways for a corporation to assert its presence and prestige.

Addressing a conference in Boston on "Corporate strategy made visible", organised by the US Design Management Institute, Walton tracked the practice right back to ancient times. The Egyptian pyramids, he asserted, were just as much a sign of the pharaohs' "corporate vitality" as they were tombs.

By the same token the Gothic cathedrals of the Middle Ages were not just symbols of religious zeal, recalled Walton. The beauty or otherwise of



Standing out in Manhattan's skyline, Citicorp's impressive HQ

these structures depended heavily on a region's economic wealth: thus the cathedral at Lyons, in central France, is, as he put it, "an undistinguished edifice whose eclectic facade and interior mirror the community's uneven financial health".

By contrast, the great beauty of its counterpart at Amiens owed much to the constant flow of resources which local merchants devoted to the building effort, said Walton.

As Walton argued, "corporations and architects have forged strategic relationships for centuries". Yet in countries such as Britain such partnerships are still the exception rather than the rule.

There would be many more - and they would be more successful - if top managers not only became more visually literate, but also more capable of briefing architects (and, where applicable, developers) to provide them with buildings which really suit their needs - including the projection of the appropriate visual image.

Among British companies, the process of discovering the importance of all this will be hastened by the sort of development controversies to which the City of London is becoming accustomed. For this one must thank both the Lloyd's row and recent planning disputes as the recent saga over an insensitive application to build a long-dead architect's undistinguished modern block on the "Mappin and Webb" site near the Bank of England. Most appropriately, Prince Charles chose to deliver his latest outburst right across the road, in the splendid and historic Mansion House.

Peter Lawrence, chairman of the US Corporate Design Foundation and also a consultant, cites Corning Glass Works, like IBM, as a model practitioner of

"Paper available from DMI, 777 Boylston Street, Boston MA 02116, USA. Tel 617-236-4165.

## Customs administration

## A potentially SAD case

Richard Waters reports that companies' ignorance of new import and export documentation could cause chaos at the ports

MANY COMPANIES are leaving it perilously late to re-organise their exporting arrangements in order to avoid getting snarled up at shipping ports and airports in Britain and on the Continent.

The biggest changes in customs procedures since the UK joined the Common Market came into force on January 1. It is not too late to make preparations, but companies will have to move quickly. And it will require a commitment by management to fundamental procedural changes and a necessary degree of employee training.

On January 1, the EC switches to a standard customs document for all goods, known as a Single Administrative Document (SAD). EFTA countries are to follow suit.

A new harmonised coding system for goods, to be adopted by all major trading nations, will be introduced. In the EC, at the same time, a standardised tariff will come into force. These two systems will be combined in a 14-digit description for all goods, replacing the current eight-digit code. It will show everything from what the goods are to where they came from and whether they are subject to a quota arrangement.

Britain's Customs & Excise is certain that many traders are not ready for these changes. It reckons that there are 50,000 companies in Britain which import at least once a month, and 50,000 equally regular exporters (though it does not know what the overlap between the two groups is). Several weeks ago, only just over 20,000 companies had asked for information about the new system.

It does not take long for a backlog to clog up the ports. Dover, for instance, which has standing room for 800 containers, has 1,200 passing through the port each day.

"It would not be an exaggeration to say that Britain's ports could grind to a halt," says Douglas Tweedie, an assistant secretary at Customs & Excise.

Both Customs & Excise and customs advisers are concerned that importers and exporters have failed to give enough management time to the matter. Customs procedures are



SAD; goods can be cleared in advance if traders send electronic declarations direct to Customs. This system, known as Direct Trader Input, is not new but could now come to the attention of more traders. It is estimated to have cut the average clearance time of goods at Dover from over four hours to two, and at Felixstowe from 24 hours to four.

Train staff. Once used to the new system, staff dealing with documentation should find life a lot easier. The 100-odd different customs declarations in the EC will be replaced with a single document.

Review related accounting and computer systems. The cost of introducing the changes is impossible to gauge. Customs & Excise estimates its own direct costs of preparing for the new regime, including training 9,000 customs staff and adapting its computers, to be \$6m.

Meanwhile, both Customs & Excise and advisers are hoping for some spin-off benefits from January's changes. Fixing senior managers' attention on customs matters could create a new awareness of planning opportunities and ways of streamlining administration. Accountancy firms, which in the 1970s spotted the opportunities for helping their clients plan for VAT, now believe that similar opportunities exist in the customs field. Making full use of established reliefs can cut customs duties, for instance.

Also, the country from which goods are imported or to which they are re-exported often affects the amount of duty, using a third country as an intermediary can reduce it.

There are also potential cost savings on the administrative side. Regular importers, for instance, can opt to make customs declarations once a month by computer, rather than on each shipment. Ford, IBM, ICI and Philips are among the 120 companies which use this system, known as Period Entry.

It already accounts for 10 per cent of Britain's imports by volume. But Customs & Excise believes many more companies, and certainly the country's top 1,000, could benefit from switching over.

Canada

You can start small

You can start big

Keep

adding to your portfolio

A bit at a birthday

Use your tax refund

Money left over when buying

a car

Build up a golden reserve

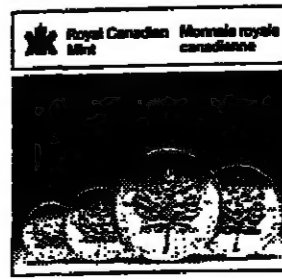
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BRITAIN seems to be heading for a situation in which computer hacking will be a crime in Scotland, but will remain an innocent pastime in England.

The roots of an apparently tolerant approach shown by the Court of Appeal to hacking, the unauthorised use of someone else's computer, can be compared to other well established absurdities of English law and one had better begin with these.

Why, for instance, does the user of his employer's telephone to make a private call to America have to be charged with the theft of electricity? Why not create an offence which bears a proper relationship to the reality of the situation? Especially since, in this case, there is a specific offence created by the Post Office Act to cover the same situation when the telephone used is a public one.

Dickens's Mr Bumble (Pickwick Papers) might have thought, had he turned his mind to the point, that the law was even more of an ass if it did not cater for an emerging area of dishonest trickery at all. Computer fraud is already a matter for concern, but some claim that our common law can cope with it without specific legislation.

The system works well when it leaves matters to agreements freely negotiated between reasonable people. An example can be found on looking at the banks' Giro cheque system. The system has been operating perfectly happily for more than 20 years on the basis of rules agreed between the banks without the intervention of Parliament or the courts. A dearth of case law, or serious dispute, in spite of the many millions of transactions there have been, confirms the view that sensible people are often best left to work out their own rules.

However, some of the problems caused by the rapidly spreading use of computers in situations of multiplying complexity cannot be solved by

## Sauce for the Scot but not for the Sassenach

By Derek Wheatley

rules which depend upon the consent of the parties concerned. Imposed solutions become necessary.

The whole subject of computer crime has just been carefully considered by the Scottish Law Commission (Report on Computer Crime HMSO July 1987). The Commission's considerations included a number of forms of computer misuse based on hacking, such as erasing or falsifying records or programmes either out of malice or to obtain a fraudulent advantage. Eavesdropping and obtaining information, making use of somebody else's expensive computer time and thus denying access to those authorised to use it, are further examples.

The report catalogues the variety of possible misuse which can now be identified. The Scottish Law Commission proposes a short and simple new Act. This would create an offence for anybody who, without authority, obtained "... access in order to inspect or otherwise to acquire knowledge of the programme or the data or to add to, erase or otherwise alter the programme or the data with the intention - a) of procuring an advantage for himself or another person; or b) of damaging another person's interests".

But the Act extends to Scotland only. It may have been thought that English, unlike Scottish, law was already able to cope with computer crime because of the advantages of the English Common Law system. English courts so far have had no difficulty in deciding

that fraud perpetrated by means of a computer was fraud nonetheless, or that damage caused to the computer of an employer, timed to destroy a programme after the defendant had left their employment, could be malicious damage and a criminal offence. In addition, at the same time as the Scottish Law Commissioners were considering their report, a Crown Court in London had just been trying a case in which two hackers were charged with forgery under the Forgery and Counterfeiting Act 1981.

The defendants, skilled and enthusiastic hackers, had, for their own purposes and without authority, gained entry into the BT Prestel computer network. This had been achieved by a combination of skill, persistence and good luck, by means of which the correct password and identification procedures had been fed into the system by the hackers, who were able to make the same use of the computer as should have been available only to senior employees of Prestel, or their customers who had paid for the service. Confidential information relating to the financial affairs of distinguished customers of Prestel was thus made embarrassingly available to the hackers. However, no direct financial advantage was obtained and nobody else was put to a financial disadvantage by what had been done.

It was embarrassing. It was mischievous. But was it crime? On the directions of the trial judge as to law, the jury said that it was, and that the two

defendants were guilty of forgery under the Act. The Court of Appeal disagreed (*R.V. Gold and Schiffreen* [1987] W.L.R. 803). Under the Act, it was necessary for the prosecution to prove that the defendants had made a "false instrument". The Court of Appeal held that the process of "hacking in", in the circumstances of the case, did not amount to making a false instrument because the "user segment" of the computer, which was that part of the computer which was being "deceived" by what was occurring, held it only for a moment of time. Although forgery under the Act applies to discs, tapes, sound tracks or other devices, it does not apply to part of a computer used solely as a means of access to that computer, and on which the impression made is only transitory.

This is not too surprising a result since to the man in the street it probably seems a rather curious notion that hacking into a computer should ever have been thought of as forgery. The Lord Chief Justice summed up the result when he said: "The appellants' conduct amounted in essence to dishonestly gaining access to the relevant Prestel Database by a trick. That is not a criminal offence. If it is thought desirable to make it so, that is a matter for the legislature rather than the courts. We expressed no view on the matter."

Parliament has expressed no view either and it seems unlikely that it will have a chance of doing so if the

recommendations of the Scottish Law Commissioners are accepted and the new Act confirmed in its application to Scotland alone. The Lord Chief Justice called it "dishonesty" and dishonesty it surely was. But it was not theft, perhaps because, like the "stolen" telephone call, no "property" was involved.

But the use of a system and the obtaining of information was involved and these were only honestly available to those who had paid for them, as the use of the railway is only honestly obtained by purchasing a ticket. Mr Bumble might think that the law should be able to cope with all forms of dishonesty, including this one.

If it is no offence dishonestly to gain entry to someone else's computer, it would seem to follow that, provided no malicious damage were done, it would be no offence to make use of the computer of a rival organisation or to make use of the knowledge contained in the computer.

Perhaps an oil company might obtain knowledge of the explorations, surveys and conclusions of a rival so as to know whether to bid for drilling rights in a particular part of the North Sea, or so as to be able to make a higher bid. Perhaps knowledge might be obtained of the financial state of the target in a takeover situation so as to know what price to offer for its shares.

There are many possibilities which would appear to be caught by the proposed legislation for Scotland, but which would not be a criminal offence in England after the decision in *R.V. Gold and Schiffreen* or, for that matter, even an actionable civil wrong. Surely Parliament should be given the opportunity to say that, in relation to this aspect of the law, what is sauce for the Scot should also be sauce for the Sassenach?

The author is Chief Legal Adviser to Lloyds Bank.

## Steel rolling in Hungary

DAVY MCKEE has gained contracts valued at some \$4.5m for the supply of steel rolling mill equipment to Hungary. The equipment, which includes a colliery and automatic gauge control systems, has been ordered by two Hungarian state buying organisations Nikez and Metal Impex, respectively, to be installed in existing hot and cold steel rolling mills in Dunajvaros, about 50 miles from Budapest.

The colliery, complete with mechanical and electrical equip-

ment and process control systems, will be designed and built by Davy McKee's Sheffield plant based on the Canadian Seisco license. It will enable the hot strip mill to roll larger slabs resulting in better material yield and maintain a consistent temperature gradient of the transfer bar entering the finishing mill, resulting in improved quality and product.

The automation equipment includes an hydraulic gauge control system and roll bending

facility complete with computer-based process control system to be installed in the 1,200mm wide cold rolling mill. The main benefits will be improved yield, easier and faster threading and handling of the mill, with reduced off gauge scrap and improved gauge tolerance. Both contracts include certain mechanical and electrical auxiliary equipment produced in Hungary to Davy design. The new equipment is expected to start operating in autumn 1988.

## Centrifuging tarsands

WEIR GROUP subsidiary, Peacock Inc, has won a \$2m order to modify 24 large decenter centrifuges for Synkrude Canada, the world's largest producer of synthetic oil from tarsand deposits. Work is already underway at Peacock's Edmonton plant on the contract, which is expected to be completed by next September.

It takes nearly 18 tonnes of oil sand to produce one cubic metre of synthetic crude oil. Separating the bitumen from the sand is a difficult process, employing centrifuges in the final stages.

These 48in x 96in machines, driven by 250 hp motors, have been running 8-6,000 hours before requiring a complete overhaul to restore performance. By analysis of the problems - mainly

of wear due to the abrasive sand on machines which must maintain close clearances between running parts to perform satisfactorily, Peacock developed several modifications to the original design.

One machine was modified last year and has been in service now for more than 6,000 hours, and still shows little sign of wear or degradation of performance. The projection is that this machine should complete at least 12,000 hours without loss of process efficiency.

In addition to maintaining better oil recovery and longer life, the operators have noted a reduction in power absorbed of as much as 30 per cent, the company claims.

## Lighthouses for China

An order for more than \$400,000 has been secured by A B PHAROS MARINE to supply aids to navigation to the Ministry of Communications in China. The navals will be installed in the ports of Shanghai, Tianjin and Guangzhou. The equipment will be supplied in the second and third quarters of 1988 in six shipments and includes major lighthouse equipment, rotating beacons, lead lights, radio beacons and racons.

The Ministry will also send technicians to Pharos Marine's

London facility for technical training. This is the first time that Pharos Marine has supplied racons and radio beacons to China. The two racons will be the first single-frequency marine racons to be installed in that country.

The contract negotiations have paved the way for meetings on long-term co-operation between the Ministry of Communications and Pharos Marine. The Ministry is expected to designate a delegation to London during early 1988 to start discussions.

## Equipping NZ army

TREND TELECOMMUNICATIONS, part of the Trend group, has won two contracts totalling more than \$1m for the supply of secure communications equipment meeting UK and NATO Tempest standards. In the first deal, representing probably the largest single Tempest export order for any British supplier, the New Zealand army has ordered Tempest equipment to the value of \$457,000. The sale comprises a number of Trend 615 ESR intelligent teleprinter, paper tape attachments and PC software, as well as Europe's only fully approved IBM compatible Tempest personal computer, the 625 AT. Other accessories such as anti-vibration platforms indicate the NZ army is to use the equipment for mobile communications use in the field. The order was handled by Trend's distributor Northrop in Wellington, part of Datamatic Holdings Pty of Sydney, Australia.

In a contract extension worth \$680,000, Trend has sold a number of its 615 ESR intelligent teleprinters to British Telecom for installation on the DTN. The deal includes paper tape attachments and Trend 625A network wire centres. The 625As will be used to configure networks using fibre optics in Army and Air Force Commands.

## ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 21st December 1987, and has issued to the Bank, additional amounts as indicated of each of the following Stocks:

£100 million 10 per cent TREASURY LOAN, 1993  
£100 million 9½ per cent CONVERSION STOCK, 2004  
£100 million 2 per cent INDEX-LINKED TREASURY STOCK, 2006

The price paid by the Bank on issue was in each case the middle market price of the relevant Stock at 3.30 p.m. on 21st December 1987 as certified by the Government Broker.

In addition, Her Majesty's Treasury has created on 21st December 1987, and has issued to the National Debt Commissioners for public funds under their management, additional amounts as indicated of each of the following Stocks:

£150 million 10½ per cent EXCHEQUER STOCK, 1997  
£100 million 9½ per cent TREASURY STOCK, 2002

In each case, the amount issued on 21st December 1987 represents a further tranche of the relevant Stock, ranking in all respects *par passu* with that Stock and subject to the terms and conditions applicable to that Stock, and subject also to the provision contained in the first paragraph of this notice; the current provisions for Capital Gains Tax are described below.

Application has been made to the Council of The International Stock Exchange for each further tranche of stock to be admitted to the Official List.

Copies of the prospectuses for 10 per cent Treasury Loan, 1993 dated 7th February 1986, 10 per cent Treasury Conversion Stock, 1990 dated 13th January 1984 (which contained the terms of issue of 9½ per cent Conversion Stock, 2004) and 2 per cent Index-Linked Treasury Stock, 2006 dated 3rd July 1981 (as amended by the supplement to the prospectus dated 9th March 1982) may be obtained at the Bank of England, New Issues, Wellington Street, London EC4M 8AA.

The Stocks are repayable, and interest is payable half-yearly, on the dates shown below (in the case of 2 per cent Index-Linked Treasury Stock, 2006 provision is made in the prospectus for stockholders to be offered the right of early redemption under certain circumstances):

Stock	Redemption date	Interest payment dates
10 per cent Treasury Loan, 1993	15th April 1993	15th April 15th October
9½ per cent Conversion Stock, 2004	25th October 2004	25th April 25th October
2 per cent Index-Linked Treasury Stock, 2006	19th July 2006	19th January 19th July

10 per cent Treasury Loan, 1993 and 9½ per cent Conversion Stock, 2004 are repayable at par.

Both the principal of and the interest on 2 per cent Index-Linked Treasury Stock, 2006 are indexed to the General Index of Retail Prices. The index figure relevant to any month is that published seven months previously and relating to the month before the month of publication. The index figure relevant to the month of issue of 2 per cent Index-Linked Treasury Stock, 2006 is that relating to November 1980 (274.1). The index figure will be used for the purposes of calculating payments of principal and interest due in respect of the further tranche of stock; as provided for in the prospectus, the calculations will take account of the revision of the index to a new base of January 1987 = 100 (on the old base the index for January 1987 was 394.5).

The relevant index figures for the half-yearly interest payments on 2 per cent Index-Linked Treasury Stock, 2006 are as follows:

Interest payable	Published in	Relevant index figure	Relating to
January	June of the previous year		May
July	December of the previous year		November

The further tranches of 10 per cent Treasury Loan, 1993 and 9½ per cent Conversion Stock, 2004 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock. The further tranche of 2 per cent Index-Linked Treasury Stock, 2006 has been issued on a re-dividend basis and will not rank for the interest payment due on 19th January 1988. Official dealings in the Stocks on The International Stock Exchange are expected to commence on Tuesday, 22nd December 1987.

10 per cent Treasury Loan, 1993, 9½ per cent Conversion Stock, 2004 and 2 per cent Index-Linked Treasury Stock, 2006 are specified, under paragraph 1 of Schedule 2 to the Capital Gains Tax Act 1979 as gilt-edged securities under current legislation exempt from tax on capital gains, irrespective of the period for which the Stocks are held.

**Government statement**  
Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided or not yet announced, even where they may specifically affect the terms on which, or the conditions under which, these further tranches of stock are issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND  
LONDON  
21st December 1987

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## Television/Christopher Dunkley

## Revenge and evil on the rampage

Immediately after the Hungerford massacre two BBC dramas were postponed for fear that their violence would offend. According to the BBC there was nothing wrong with the programmes - they were very proud of them - but they would no more show them immediately after Hungerford than they would have shown *Touring Inferno* immediately after the Bradford fire disaster.

Now we have seen both works, the one-off musical/drama *Body Contact*, and the three-part adaptation of *The Marksmen*, and to me it seems a pity that the BBC did not take the excuse offered by Hungerford and postpone them both indefinitely. *Body Contact* was all style and no content: an over extended pop video based on callow ideas about the urban nightmare, tricked out with excessive and gratuitous violence.

In this column a couple of years ago the exciting work of young pop video directors and scratch video enthusiasts was pointed out, and it was suggested that there was more flair and technical virtuosity here than anywhere in television drama. But it is no good assuming that if you take people with such technical skills and give them 60 minutes of network time you will get great, or even competent, drama. What *Body Contact* showed is that if you give a pop video director 60 minutes of television time, he will produce a pop video - which is a bit like being given a 70 ice cream.

As for *The Marksmen*, it did have some delightful and clever touches: the perpetual auditioning of stand-in comedians in the night club, the weird but wholly convincing co-and-box arrangement at the bookshop, and Richard Griffiths' hand signals from his clapped out Morris Traveller. But clever

touches do not make a drama serial. If you are going to raise profound questions about such timeless subjects as evil and revenge then the least you can do is attempt some sort of resolution. Here all we had was a perpetual sense of threat and fairly frequent violence, much of it decidedly nasty.

London Weekend Television have suffered something of a setback in their hitherto remarkably successful attempt to take over the entire BBC by stealth: their chief mole, Michael Grade, who was about to become Managing Director of BBC Television (an achievement not unlike that of a Russian agent becoming head of MI6) turned triple-agent and moved into Channel 4. Yet the scheme continues.

John Birt, who succeeded Grade as Programme Controller at LWT, is now the BBC's deputy Director-General in charge of all news and current affairs programmes, the most powerful journalist in the Corporation. He has appointed as head of BBC Current Affairs Samir Shah, the editor of LWT's *London Programme* and LWT produced David Aspinwall, editor of the new BBC political programme which is to replace *This Week Next Week*. Now two more LWT trainees have been infiltrated: Janet Street Porter, who will be 41 later this week, is to be the BBC's "Voice Your" adviser on all things juvenile; and Clive James - at a salary said to be a mere six times that of Miss Street Porter - has signed an exclusive BBC contract.

How long can it be before Melvyn Bragg leaves LWT's *South Bank Show* to take over all arts and music for the BBC? And if the analogy is to hold up, who is

Control sitting in Kent House on London's South Bank, running the BBC's housekeepers, lamp-lighters, scalp-hunters - the entire crew? Presumably LWT Chairman and Managing Director Brian Testler.

Talking of Clive James, it is too long since his move from ITV to the BBC signals a change in his television material. BBC's new controller Alan Yentob has been quoted as saying that James could be involved in rather more serious programmes, and that, surely, is an understatement. It has been said to witness James' decline from LWT's funniest newspaper columnist to a knockabout television presenter in the mould of *Serie* and *Udd*.

All the money and publicity in the world surely cannot make up for the indignity of being turned into one of those television "personalities" who has to spend his entire time trying to kid the viewers that he walked into something by chance - the bedroom of a bordello, the back of a Tokyo taxi, the foyer of a robot manufacturer's office - when, as we can all see, there is the little matter of a carefully prepared camera crew to explain away.

No doubt James has had fun in the last few years getting into the girls' changing rooms, ogling the French calendar models, talking the micky out of the Japanese, and now - in *Clive James in Japan* - smoothly sliding sideways to include himself in the game-show send up. But we know from his writing that he is capable of better than that.

James was the television critic who did most to ridicule the affectations of presenters, pouring scorn on bald men who would their remaining hair

round their heads, and on James Burke for his presentation mannerisms. Now the posher has turned gamekeeper, and we are treated to the unlikely sight of the bald and tubby James slithering around Tokyo in track suit or kimono like a latterday George Pimlott. Yentob must surely be able to find something which will test his talent and reward our attention more than that.

Granada's fascinating re-enactment of the Iceland summit, *Breakthrough At Reykjavik*, was also a breakthrough for producers Norma Percy and Brian Lapping. For the first time since their earliest attempt at this important form of television journalism in *Chips* and *The Cabinet* eleven years ago, nobody, so far as I am aware, has seriously questioned the legitimacy of their technique.

Public attention has concentrated on the almost spooky similarities between the actors Robert Beatty and Timothy West and their real-life originals, Reagan and Gorbachev. There has been comment upon the accuracy of Beatty's hand gestures, and upon the incidentals: the Americans' soundproof aquarium, even the set dressing for the interior of the Icelandic house.

But nobody seems concerned with the question of the accuracy of the crucial material: the words spoken between the two sides, or not enough to throw any doubt on them, anyway. This is surely a huge compliment to Percy and Lapping - who did, indeed, establish their credentials long ago, but were still being doubted until this effort - and to Ronald Harwood who



Joely Richardson in "Body Contact"

drafted the script. It is also, I suspect, a vindication of the decision to add to the end of the programme brief sequences showing some of the Americans who were involved commenting upon the starting accuracy of the Granada version. After that how can any layman raise doubts?

When Barbara Flynn and James Bolam first came to the screen as the persecuted innocents in Alan Plater's *Briderbecke Affair* the formula was such a success that it seemed clear they would have to be brought back. The tone set by the traditional jazz was pleasant; the decision to handle weighty matters such as environmental pollution, with a light touch was admirably original; the relationship between the two leading characters suggested real affection - a quality absent from virtually all television drama which

ordinary people, however, greatly enjoy; and of course the scripts were funny, especially when they involved the comprehensive school, San Quentin (!). Sure enough we have now been allowed the huge treat of a second helping. *The Briderbeckes* Tapes preserved the jazz, the light touch, the pleasing relationship, the humour and the school. The only trouble was it also preserved the plot. The only change Plater bothered to make was a minor alteration to the McGuffin: in place of gramophone recordings he inserted cassette recordings.

Admittedly this did not matter very much, and we did have the bonus of Beryl Reid as a tough old suffragette, and some pretty location footage shot in Amsterdam. Nevertheless there were times, particularly in the second half, when the plot became so relaxed that it was in danger of falling asleep. The series was still hugely enjoyable, but if we are to have another - and please let us - could we have just a smidgen more plot?

## Letter from New York

Paula Deltz

At night New York seems strewn with a mantle of starlight and glitter: the first sign of Christmas comes when the two stone lions flanking the grand staircase of the New York Public Library are decked out with 60-pound holly wreaths. Beyond the marble entrance hall, the library, completed in 1911, has undergone a major renovation to restore to their former use and grandeur the immense Beaux-Arts galleries that had declined into office space.

Of these, Grottesman Exhibition Hall, with its freestanding marble arches and elaborate carved wood ceilings, is a proper dramatic setting for one of the season's most energetic shows, *William Wordsworth and the Age of English Romanticism*. This studios collection of some 300 books, manuscripts, paintings, watercolours and ephemera reveals even attention to detail: the curators, including the poet's descendant, Jonathan Wordsworth, have collected the evidence - this watercolour by Turner or Constable, a journal notation on daffodils by Dorothy Wordsworth, and manuscripts by Wordsworth, Coleridge, Keats and other contemporaries - and have left it to us to re-experience the mutual influences of an age.

It is sometimes easy to dismiss a period of innovation by saying "it is in the air," but here is proof positive of literate men and women seeking knowledge from each other as well as from the exhilaration and boundlessness of Nature. Though many of the oil paintings in the exhibition demonstrate a brooding quality - like Turner's "Rain, Steam, and Great Bridge" or Constable's "The Great Oval Room" - the watercolours or aquatints, like Alexander Cozens' three studies called "A New Method of Ascertaining the Invention in Drawing Original Compositions of Landscape," reproduce

the quick energy of the poet's own manuscript versions. Many connections are obvious. Wordsworth's seminal poem "The Rainbow" (here copied out by Constable) is illustrated as the image linking imagination and nature by both Constable and Turner. But in the last section of the exhibition, "Memory, Imagination and the Sublime," the examples have a more subtle quality relating to the august power of the mind - the Alps are one pictorial equivalent and the haunting loneliness of Thomas Gericin's luminous "White House at Chelsea," another. By this time, one has been through the "Age of revolutions" seen what Wordsworth called "the Spirit of the Age," and witnessed the discovery of nature even as it was "threatened by industrialisation." (In New York until January; Chicago Historical Society, 6 April - 5 June, 1988.)

Three blocks south on Fifth Avenue, Lord & Taylor weaves its annual holiday tales of enchantment in its store windows by paying tribute to other historic landmarks from the first decade of this century. Along with this ornate architecture went a gracious way of life portrayed with ninety 15-to-20-inch animated figures in realistic period dress. Because New Yorkers still aspire to this seasonal opulence, thousands of adults and children wait in the viewing line.

In the first scene Carnegie Hall's facade on a snow driven street provides an occasion to see concert goers arrive formally dressed in velvet, fur and lace with ostrich plumes crowning upturned hair. Also in deep snow model of the glass conservatory of the New York Botanical Gar-

den is the backdrop for skaters and sleighs. For interior views, a gala evening in the Grand Ball of the Carnegie Museum (now the Cooper-Hewitt Museum) is a more intimate celebration on a dramatic scale; and finally, the St. Regis Hotel's ornate lobby welcomes New York's transient celebrators for its first Christmas in 1904.

The irony is that all of these places, beautifully preserved, still exist - a quick stop at the St. Regis confirms that inlaid marble floors and brass cupoles over glass revolving doors are intact.

In a sense, *Raphael and His Circle* at the Pierpont Morgan Library is also a British show, having been organized by J.A. Gere, former keeper of Prints and Drawings at the British Museum and based more or less on the 1983 exhibit there with loans from British collectors as well as from others in North America. But as scholarship shifts and intensifies, each new assemblage of drawings becomes a fresh occasion - and here also, the main gallery of the Morgan Library is a valuable new comparison and quiet viewing.

Fortunately for posterity, Raphael, whether earlier in Florence or later in Rome, left nothing to chance in his final compositions as one can see from the two close last-minute differences of "The Virgin with the Infant Jesus," studies for the "Child of the Meadow." Because every drawing was a preparation or a reassessment, one goes beyond simple enjoyment of fine contour to a greater awareness of even minute advances in an overall scheme. As Mr Gere generously lets us in on procedures and opinions, we are initiated into making precise judgements of our own about the 41 draw-

ings by Raphael and a number of questionable attributions.

A sheet pricked for transfer as in "The Agony in the Garden," reveals how the drafts were copied in essence before other details were refined. But also, comparing the fluid drapery, transparent wings, and precarious pose of the "Study for the finished model of Poetry in the Vatican," one senses a less official, more personal vision. And in seeing "The Transfiguration" one cannot help but imagine how powerful the unfinished altar-piece must have appeared over Raphael's hair in the Pantheon when he died at 37 in 1520. Works by his most important followers are hung in an adjoining gallery (through 3 January).

1520 was also the year Sultan Suleyman the Magnificent ascended to the throne of the Ottoman Empire bringing to a height the flowering of Turkish Art and Architecture. The Ottomans required their rulers to have a practical trade, and that Suleyman was a goldsmith was not not incidentally a Renaissance gold and jeweled objects that were everywhere accessories to daily life, from his sceptre and royal canteen for pure fresh water (symbols of his power) to a simple raised blue-and-white porcelain pen holder. As another in the series of "Treasures of ..." exhibitions so popular in our age, *The Age of Sultan Suleyman the Magnificent* now at the Metropolitan Museum of Art (through 17 January) never fails to reveal the imprint of this powerful and artistic man, whether it be his Tugra, a monogram in a flourish of calligraphy ordering a new law, or his poems set down in his



Raphael's drawing of "Poetry"

own hand. There is a concentration of style in the objects that makes the show feel provincial and yet does not detract from the imaginative proliferation of fanciful or naturalistic floral styles that embellish the mostly blue-and-white porcelains as well as the textiles. But nothing equals the illuminated folios of Suleyman's own collected poems as transcribed by his artists in and around the palace Topkapı, except perhaps for one prayer rug depicting a celestial garden pavilion.

Before leaving the Metropolitan at this time of year, everyone

passes a few moments in the Medieval Sculpture Hall where before the Spanish chryseion rises a 20-ft Nordic graven. At its base a rare 18th-century crèche is set up within the ruins of a Roman temple, and some 180 Neapolitan crèche figures - Magi, shepherds and other weary travellers, attendants and their animals - make their way to the Nativity scene through the rugged landscape and villages set out around the tree. And "soaring" above them in the tree itself is a multitude of Baroque angels, colourfully draped figures, full of movement and glory.

## Babes in the Wood/Palladium

Michael Coveney

This is easily the best pantomime at the London Palladium for a very long time and one of the best I have ever seen. I am in danger of cancelling my objections to Cannon and Ball, who remind me each time I see them on television how much I miss Morecambe and Wise. But I pause and thank God they are not like and large.

"Piggin" this and "piggin" that, the duo is strong on aggression and short on finesse. But they are not unlikeable. As the robbers, they take the stage like a pair of uppity cockers. The nicest thing about them, in fact, is that they are showbiz imposters. In a chaotic kitchen scene of tumbling and smashing crockery, they look at home for the first time in blue boiler suits. For the rest of the evening, Bobby (the short, curly-haired one) is tugging at his rights and curing his crushed credentials.

Tattily designed large-scale panto has become the national norm in recent years. Hugh Durant has now supplied a splendid procession of medieval picture book cloths and castled townscapes that correspond to a consistently conceived fairytale Nottingham. Much of it comes with Fre Raphaelite bordering and decoration, and the action moves from mist-laden grottos with distant romantic views of ruined castles and viaducts to a carefully painted fairytale-on-Trent of riotous colour and trick perspective.

The traditional mix of the Robin Hood legend and the aborted murder of the princeling babes is acknowledged in Bryan Blackburn's script, even if echoes of rhyming couplets fade faster than Liverpool's chances of defeat. The Goose Fair is well placed to accommodate an act on stilts, the acrobatic Loonies (Popeye, Groucho and Superman, later all, bossed around by a fetching young mistress) and finally Rod Hull and his destruc-

tive Emu. This last act sought out Adam from Funnier in the front stalls and left the little lad to sing us a song while searching for props. But nothing went on for too long and we were soon back at the Fair and the archery contest, convincingly won by Marti Webb's disguised Robin shooting a bulseye.

Babes is a difficult panto because of the various pulls on our sympathies. When well done, as here, it is one of the best, and all parties can happily prosper. The songs are a stock middle-of-the-road Miss Webb, scoring another bulseye with "You've Got A Friend" to comfort the wood-swathed babes. "Together Wherever We Go" from *Gypsy* comes in handy for resolute choruses as goodies line up to enter the lists.

Barbara Windsor in glittering turquoise and butterfly wings can as easily take our attention as can Derek Griffiths as a splendidly limber, sleek and villainous Sheriff, exuding sulkily the misadventure he enters to an inadequate round of booing. The Dame is tricky, but John Inman is one of the best and in top form as Nurse Wanda, got up variously as a map of the world, a Belshazzar and a Maypole (I've had men swinging round me all afternoon).

Michael Hurll's production moves quickly on but still gives three hours of good value. Even the school and haunted bedroom sequences are related to the overall design, and there is a particularly ravishing Act One finale, a dream pageant of real fountains, heraldic tapestries and shields, a medieval court in full fig and Marti Webb descending, as if in a masque, on a cardboard fiery steed as Saint George.

They can keep *The Wizard of Oz*. And, for what it's worth, my two ten-year-old colleagues are with me all the way.

## Arts Guide

December 18-24

## Theatre

## LONDON

**The Rover** (Merrmaid). Jeremy Irons returns into town in the RSC's Swan production by John Barton of Aphra Behn's riddling comedy. It plays in respect to the richly noble play, *Scarcophagus*, an urgent but clumsily crafted historical drama set in a terminal realism of the victims of the disaster are wheeled in. (285 5568/538 8891).

**Antony and Cleopatra** (Olivier). Peter Ball's production for the National Theatre leaves in 1986 brings this great but notoriously difficult play to thrilling life. (338 2282).

**The Phantom of the Opera** (Her Majesty). Spectacular emotionalising new musical by Andrew Lloyd Webber emphasising the romance in Leontine's 1911 novel. (338 2284, C078 6181/240 7200).

**The Balcony** (Barbican). Sadly dated and heavily-handed opening to the RSC's *Geometrical* production of the 1950s, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Patsy Stone looks like a cheap plastic byproduct and the actors, a dull lot, clump around on high boots in big bulging costumes. (228 8795).

**Polites** (Shaftesbury). Strutting revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheimer's 1971 musical. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (338 5568).

**Baroness Mowbray** (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppie: how the Big Bang led to class turmoil and

herow-boy dealings on the Stock Exchange. (228 8795).

**A Small Family Business** (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, setting out to foreign-land in the family. A comedy thriller on the large scale. (228 2282).

## NEW YORK

**Fences** (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with James Earl Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s. (221-1211).

**Cats** (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling but classic only in the sense of a rather staid and over-blown idea of theatricality. (228 6225).

**42nd Street** (Marjorie). An immediate celebration of the heyday of Broadway in the 1930s incorporates songs from the original film, like *Shuffle Off to Buffalo*, with the appropriately bombastic and leggy hoots by a large chorus line. (377 9021).

**A Chorus Line** (Shubert). The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as songs rather than emotions. (228 6225).

**La Cage aux Folles** (Palace). With some tinsel Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (251 2626).

**I'm Not Rappaport** (South). The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two oddities on Central Park benches who bicker uproariously about life past, present and future, and a family plot to match. (228 6225).

**Les Misérables** (Broadway). Led by Colin Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of the richly majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (228 6225).

**Starlight Express** (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage to depict from the backcountry pop music and trumped-up sly plot. (385 6510).

**Me and My Girl** (Marquis). Even if the plot turns on the mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (347 0033).

**The Mahabharata** (RAM Majestic). Peter Brook's nine-hour interpretation of the world's longest poem. Ends Jan 3 (347 5555).

## WASHINGTON

**Light up the Sky** (Arena). The revival of the Miss Hart comedy features theatre people waiting for the opening-night notices of their latest masterpiece. (458 9300).

## TOKYO

**Macbeth** (Imperial Theatre). Every once in a while a production is staged that makes one revise one's view of the play. That such a rethinking should be occasioned by a production in Japanese is nothing short of miraculous. Not only has Yukio Ninagawa transposed the play from medieval Scotland into the world of the Japanese samurai, but he has brought to it an oriental sensitivity and sense of pictorial values that transcends all language barriers. Following its triumph at the National Theatre, London, this revival in Tokyo is an unforgettable experience. (Ends Dec 25) (201 7777).

**Kabuki** (Kabuki-za). At 4pm a "new" play incorporating elements from existing dramas and based on the story of the 47 loyal retainers adapted, directed by and starring Kabuki's greatest showman, Ennosuke, a specialist in spectacular stunts and quick-change routines. Excellent English captions come from the National Theatre. (331 3131).

**Noh** (National Noh Theatre, Sendagaya). "Takenu" (noh), Wakana (kyogen). Originating in sacred rituals, noh is a predominantly tragic drama of illusion played on an empty stage. Lighter relief is provided by the comic interlude (kyogen). (233 1331).

**Daishan Butai** in "Modern Horror" (Theatrical Theatre). This youthful theatre group has a large following among the rock youth generation, which likes to be bombarded by sound and images. Its latest production is over-the-top but undisciplined and in the style of a musical revue. Ends Dec 25 (357 0292).

## Jack and the Beanstalk/Brighton

Claire Armitstead

Pantomimes, like Christmas, only come once a year, which is a good thing in many ways. It is particularly good for the people writing them, since it gives their audiences 12 months to forget that last year's jokes are also this year's jokes. In the case of E&S Productions, some of the Theatre Royal, Brighton's jokes are also Richmond's, but if one is presenting 13 pantos across the country such economies are doubtless essential - and to be fair, it would take an itinerant critic to spot them.

*Jack and the Beanstalk* is a rather restrained expedition into seasonal jollity, intelligently directed by Roy Jones but lacking in wit towards the top of the bill. For once the puppets (provided by Brighton's Shandy Stage School) are used constructively, chatting along with the actors and contributing their customary cuteness to the dancing. They also scream at the first entrance of Anneka Rice, signifying to those of us who might be tempted to doubt it that she is a Star.

Maurice Colbourne is also a Star, though his performance as the wicked Baron Kilroy is so handsomely distanced that he could well be fishing for mackerel in Howard's Way.

There is something immensely dispiriting about a panto in which the performers seem merely to be going through the motions. If this charge could be laid at Colbourne's feet, it could also be levelled at Barry Howard's throwaway dame. This hugely experienced performer seems so anxious not to labour his gags that he barely gets them out of bed, concentrating his energy instead on showering his audience with sweets (it is certainly a very generous show) and keeping upright in a succession of ever more outrageous outfits (it is also a lavishly costumed show).

The task of working the audience falls mainly on Nick Staverson, who does remarkably well at cajoling them into following a series of instructions more complicated than the usual "look behind you's". Staverson further contributes a good Gary Glitter impersonation, sharing the musical honour with Claire Rimmer's glamorous fairy and Andrea Levine's winsome princess.

Quite what they all see in Anneka's Jack I'm not sure: she is slightly enough, but at the risk of upsetting the Shandy School set, I would suggest she is not really a stage performer.

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Wednesday December 23, 1987

## OECD report: try harder

WITH the school term over, pupils find the pleasures of the festivities blighted by the arrival of the school report. So it is with finance ministers, for whom the equivalent event is the appearance of the OECD's Economic Outlook, published two days before Christmas.

The last report appeared only six months ago, but these have been exciting months. The overall performance of the OECD countries in the past six months appears to have been better than that anticipated (except in West Germany), but what has been given the markets have taken away. The unexpectedly rapid growth of the second part of 1987 was associated with persistent current account imbalances. Private investors have intervened decisively, first imposing rising interest rates and then inflicting the equity market crash of mid-October.

The principal effect of the stock market crash is expected to be via the reduction in wealth. GNP growth in the OECD is now expected to be only some 2 per cent in 1988 and 1989, a half percentage point lower than the level projected before the crash, bringing the projection for 1988 back to where it was last June.

The OECD stresses that its projections are conditional, with the conditions including unchanged exchange rates from the level of November 10 (which are already history), no pervasive loss of consumer and investor confidence and "unchanged policy". The results on these assumptions include a projection of the US current account deficit at \$14bn in 1988 and \$100bn even in 1989.

One has to wonder whether "unchanged policy" and the continuation of external imbalances at the projected levels are compatible with stable exchange rates and no loss of confidence by consumers and investors. On the contrary, these projections appear to be a recipe for further shocks and the assumptions, accordingly, internally inconsistent.

The doubt centres on what is being said about external adjustment and overall growth. The Outlook projects 1 per cent growth of domestic demand for the US in 1988 and 1989, 4 and then 3½ per cent for Japan, and 2½ and then 2 per cent for

Europe. Corresponding projections for GNP are 2½ and 1½ per cent for the US, 3½ and 3 per cent for Japan, and 1½ and 1½ per cent for Europe. There are two implications: first, the gap between growth of demand and output are not large enough to secure rapid unwinding of the imbalances; second, the overall level of growth of GNP is unsatisfactorily low, above all in Europe.

## Fiscal contraction

"Unchanged policy", it turns out, actually means reducing the inflation-adjusted structural fiscal deficit for the OECD as a whole, by 0.2 per cent of GNP in 1988 and 0.3 per cent of GNP in 1989. Moreover, what is involved is more than a failure to offset the US fiscal contraction. Europe, too, is expected to experience a fiscal contraction in 1988 and 1989, while Germany is projected to show a tiny loosening of the inflation-adjusted structural fiscal deficit in 1988 and an equivalent tightening in 1989.

The puzzle is why European countries, especially West Germany, should face the prospect with such complacency. After all, the end of a long period of weak "recovery" sees Europe with unprecedented rates of unemployment. Given the weakening external position of many European countries, however, the key player is West Germany. Her continued immobilism on both fiscal policy and, equally important, the promotion of a more competitive and dynamic domestic economy is incomprehensible. Indeed, so long as it persists, it is far from obvious that US fiscal adjustment, already substantial in 1987, should go further.

The OECD's bureaucratic prose would probably make it difficult for the dinner pupils to sustain attention throughout the text, but there is a clear message and some have even noticed what it is. Action is unlikely, however, as is indicated by the response of West Germany. The German delegation has taken the unprecedented step of rejecting a key recommendation in advance of the publication of the report. How hard it must be for even the wisest teacher to deal with such recalcitrant pupils.

## A momentous judgment

In its pursuit of all publications that would quote from or refer to the contents of the book, Spycatcher, the British Government is now rather in the position of Captain Bligh in the Bounty. As recalled by Mr Anthony Lewis of the New York Times in a recent address in London, the doctored commander ordered that a recalcitrant seaman be given 100 lashes. After a portion of the sentence had been carried out a report was made: "The man is dead, sir. Shall we continue?" Captain Bligh replied: "I ordered 100 lashes, and 100 lashes it shall be. Carry on." In much the same way the Government has sought to prohibit any reference in British newspapers to the matter contained in a book of which more than a million copies have been bought, including a significant number imported into Britain.

In delivering his judgment in the High Court on Tuesday, Mr Justice Scott further noted that all the more important allegations in Spycatcher had previously been published in Britain, in one of many books or TV programmes. Thus there was no longer any duty of confidence on newspapers or other third parties in relation to the information contained in the book (although its author, Mr Peter Wright, a retired member of the security services, was in breach of that duty in writing Spycatcher and having it published). He therefore rejected the claims made by the Attorney General for permanent injunctions that would prohibit two newspapers from commenting on the contents of the book and stop one from printing further extracts.

## Copyright

That should be the end of the matter. A pragmatic Attorney General, backed by a Prime Minister with a sense of proportion, would accept Mr Justice Scott's verdict. The Government might follow up the opportunity given by the judgment to seek an account of any profits made from publication of extracts from the book; the material could be regarded as Government copyright. But it should not follow the path to

what Lord Bridge, in an earlier judgment, referred to as "inevitable condemnation and humiliation by the European Court of Human Rights in Strasbourg".

The fact that, in appealing Mr Justice Scott's verdict, it is following precisely that path, puts its fate in the hands of the Court of Appeal and, perhaps, the House of Lords. The Scott judgment explains with exceptional clarity that, in the absence of guiding legislation or a constitutional instrument like the First Amendment in the United States, it is up to the courts to strike a balance between the two competing public interests of the freedom of the press and the preservation of national security.

Neither interest is absolute. At the outset the Government had a duty to protect the confidentiality of the security services. Freedom to publish was at that time the lesser consideration. But it is no longer possible to protect that confidentiality in the present instance, while other putative writers might not be deterred by a government pursuit through the courts that has plainly enhanced the sales of Mr Wright's book. As to the ability of the press freely to report allegations of scandals in government, Mr Justice Scott pointed out that this is one of the bulwarks of our democratic society. If the price is the exposure of the government of the day to pressure or embarrassment, even when mischievous and false allegations are made, then that price has to be paid.

There are times when newspapers go too far, or occasions when, in spite of a general outcry about the freedom of the press, the safeguarding of the security of the nation is paramount. Mr Justice Scott has simply demonstrated that this is not one of those moments. It could be, rather, a period during which the Government is showing an increasing tendency to hide possible administrative misjudgments behind a security cloak. The executive is beginning to over-assert itself. Only the higher judiciary can redress the balance.

Roderick Oram recalls the ups and downs of a roller-coaster year on Wall Street

## When the heart ruled the head

A GHOST of Wall Street—past rose in a Manhattan court a week before Christmas to be sentenced for criminal excess. An expensive suit hung slackly on his shrunken frame. Adversity had knocked the dazzling cat-in-the-hat grin off his face. His once insidious voice, which had winked rich secrets out of the greedy and gullible, mumbled audibly to the judge.

Ivan Boesky, notorious takeover speculator and insider trader, was a broken man—“cut down to size,” the judge said. But in the light of his financial downfall, apparent remorse and extensive co-operation with investigators, which has shed the most light on Wall Street's dark side in 50 years, a prison term of only three years was deemed appropriate. With time off for good behaviour, he might be out in a year.

Wall Street should be so lucky. Guilty of speculative excess, violation of investment fundamentals and grand delusions about perpetually rising stock prices, it will pay the penalties for years to come.

## The excitement was too seductive and few had the sense to jump before they were bucked

Less profit, confidence and public esteem; more competition, regulation and self-discipline will mark its agonising retrenchment.

Some firms will pay the ultimate price. They will cease to exist or, at best, lose their independence. The verdict is clear.

Yet Wall Street deserves the sympathy of judge and jury. Whatever the computer programming, “rocket scientists” say, Wall Street is still run by people not machines. Thus it remains highly vulnerable to emotions. Of course it was right to ride the bull market for all its worth to maximise investment gains. But the excitement proved too seductive and few people had the sense to jump before they were bucked.

Barely less chastened than Boesky, Wall Street will never forget 1987 as the year when one of the greatest-ever stock market rallies reached its climax in pyrotechnic splendour—only to crash even more spectacularly. Up and down, they were once-in-a-lifetime markets.

No doubt, the lessons so painfully learnt will only be remembered until the next rip-roaring bull market. Who could resist taking the plunge again?

Few resisted when the last phase of the five-year bull market sprang to life in the first moments of trading in 1987. Stocks surged ahead, propelled by a mixture of merger mania, slightly lower interest rates, a modest pick-up in economic activity and the end of

the negative effects of US tax reform.

One final ingredient made the mixture explosive. Vast sums of cash were burning holes in the pockets of foreign and domestic investors. At home, the Federal Reserve had pumped up the money supply by almost 30 per cent over the preceding two years—by 6 per cent alone in December, 1986—to prevent the US economy stalling. Abroad, huge US trade deficits ensured that foreigners, particularly the Japanese, had dollars galore to invest.

Stable inflation rates made for unexciting bond, real estate and precious metals markets. Almost overnight, equities were seen to be the only game in town. The higher they rose, the more the prophecy became self-fulfilling.

Like sharks tasting blood, investors indulged in a feeding frenzy, indiscriminately snapping up shares. The Japanese, for example, stepped up their net purchases of US equities to an annual rate of \$20bn, four times their purchases in 1986. Domestic investors were equally eager.

A few obstinate bears saw a clutch of reasons why share prices should fall rather than rise. Mr John Mendelson, Dean Witter's chief market analyst, stacked up a pile of negative factors including interest rates which he considered were already too high.

But the nay-sayers were derisively dismissed for trying to fight the tape. The power of positive thinking prevailed.

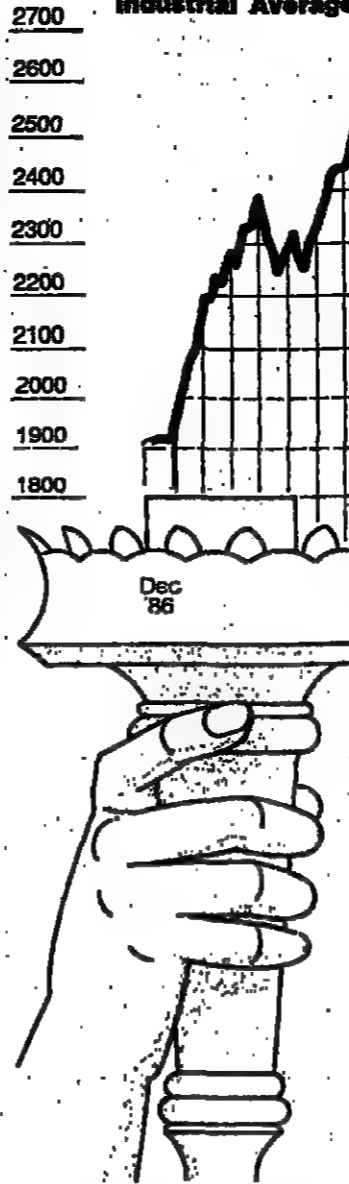
“When the time comes for stocks to rise, no amount of bearish fundamentals will keep them down,” said Mr Robert James, editor of *Timers Digest* which tracks the forecasting performance of market newsletters. The Dow Jones Industrial Average burst through the 2,000-level in the first week of the New Year and charged on, sweeping past 3,000-point marks with monotonous regularity. At the end of the first quarter it was up 21 per cent, mostly in the first month, with broader market measures showing equally robust growth.

Disturbingly though, blue chips were out-performed by over-the-counter stocks, the motley crew of companies at the bottom of the investment pecking order. Investors were already having to cast their nets wide to find good buys in the pricey markets.

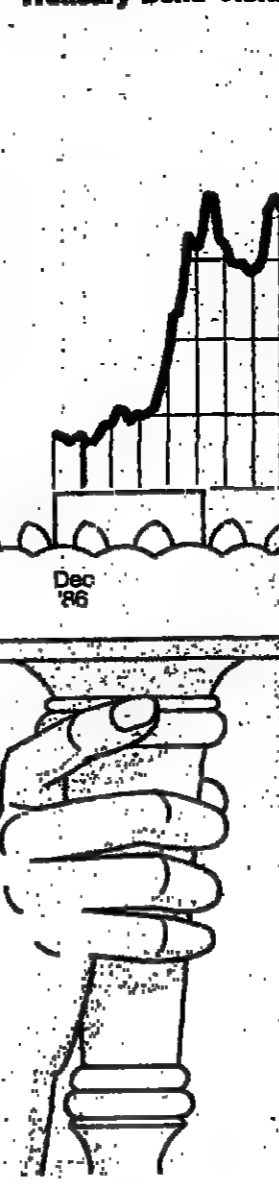
The Standard & Poor's 500 stocks had zoomed to a price/earnings ratio of 19 and slumped to a dividend yield of 2.8 per cent at the quarter's end.

A host of new theories were formulated and new-found respectability was accorded to old ones to rationalise these price levels. US stocks were cheap relative to Japanese, buy-backs and takeovers had shrunk the supply of equities, corporate earnings were poised to leap and restructuring and buy-outs guaranteed huge profits for shareholders.

Dow Jones Industrial Average



US 30-year Treasury Bond Yield



The keystone of this arch analysis was the “weight of money” theory. Stripped of its pretensions, it said no matter how high a price you paid for a stock, there was always someone with lots of cash or credit, probably a Japanese housewife, who would beg to buy it from you for more.

Complacent investors shrugged aside more fundamental considerations. Like heart-attack victims who ignore the first palpitations, they turned up the music and continued the party until the market was stricken in October's crash.

Common elements ran through the tremors of April, August, September and early October. Recurring bouts of pessimism over the dismal US trade performance triggered drops in the dollar, often with the encouragement of the Reagan Administration. Fears that foreign investors would flee from securities denominated in such a parous currency periodically pushed bond prices over the edge in an “Acapulco cliff dive,” as traders described the credit market rout. Stocks staggered but recovered each time, propped up by the investors' undented

## bullish mood.

The time-tested maxim that rising interest rates are death to stocks was explained away as an old wives' tale in this brave new investment era. Even the most outlandish optimistic forecasts gained credibility as equities survived each test with an apparently inexhaustible ability to absorb bad news.

The mantle of “the man who moves markets” passed to Mr Robert Prechter, who cheerfully forecast that the Dow would surge to 5,000 on a floodtide of investor optimism. His forecasts were based entirely on the Elliott wave theory, the ultimate divorce of market performance from economic fundamentals. It had been devised by a Californian accountant who decided, after losing all his money in the Crash of '29, that markets were driven solely by predictable waves of investor sentiment.

Equity levitation lasted through the summer with investors comforted, for example, by calculations that \$17.5bn of leveraged buy-outs funds would be gobbling up \$150bn of stock.

The froth hit the fan in June when a Cincinnati stock ana-

lyst declared he was making a \$6.8bn bid for Dayton Hudson, a department store chain, on behalf of a family which did not appear to exist. His last words before being carried off to hospital were: “It's no more of a hoax than anything else.”

Next to nobody declared August 25's closing prices the top of the market, but they were. The Dow Jones Industrial Average stood at a stratospheric 2,722.42, with an average of 2.59 per cent, among the highest readings ever.

Stock prices slipped back from the peak like a fun-fair car breasting the top of a roller coaster. More ominous rumbles from interest rates, dollar and bonds were largely ignored as prices drifted lower. “Just because the market is overvalued does not mean it is not sustainable,” Mr George Soros, a high-rolling New York investor, bravely proclaimed in late September.

Three weeks later he lost hundreds of millions of dollars in the crash. He was in good company. Of 350 leading forecasters, less than 20, including one astrologer, called the top. What priced the bubble? Only shards of the same news

about currencies and interest rates which had lain around the markets all year. Nothing was radically different.

“When the tulip boom broke in 1636, did people in the Netherlands say they shouldn't have changed the discount rate?” asked Mr Warren Buffett, the Omaha investor who saw his \$700m investment in Salomon Inc halved a fortnight after he made it.

Markets blew off like a long-jammed safety valve. Nothing had prepared Wall Street for the near cataclysmic inter-play of new forms of financial instruments and trading techniques. The effect was devastating financially and psychologically as the Dow Industrials surrendered more than their year's gains in a matter of hours on Black Monday, October 19.

More shares were traded on the New York Stock Exchange that day than in the whole of 1960. High technology ensured that the quake carried instantly to interdependent markets around the world. Everyone was rattled.

If a bursting bubble had brought the markets within moments of a “financial meltdown,” in the memorable words of Mr John Phelan, chairman of the New York Stock Exchange, how would they respond to a continuing economic and political crisis? Very poorly, it seemed. Hence the pressures on governments and securities industries for far-reaching changes in how markets operate.

Wall Street began to feel the pain of adjustment as it tried to pick up the pieces. Firms cut thousands of jobs as they began to contend with the newly straitened times. New York City will lose 25,000 securities industries jobs plus another 35,000 dependent jobs over the next four years, according to Wharton Economics Forecasting Associates.

Those left on Wall Street are picking themselves off, dusting themselves off and irrepressibly starting to sell all over again. Relax, goes the patter: this is a rerun of 1929, not 1928. The “correction” has teased up equities for a long period of rising prices just like 85 years ago.

Actually, there are a few minor problems with the parallel: notably growth is half as slow and inflation and interest rates twice as high now as they were then.

What of Mr Prechter? Well he apologised recently for misreading his waves. If only he had spotted that the last great surge had started in 1974 rather than 1982, he said he would have perfectly called the Dow's top at 2,700. But in the final analysis, he was essentially right: 1987 was the year hearts not minds ruled the markets. Psychology was all.

Between 2,000 and 2,700 was probably all fluff, says Mr Peter Bernstein, a market historian. “But everyone felt there was something more powerful going on than any of us understood.”

## Carp before politics

When Gustav Husak, leader of the communist party of Czechoslovakia, stepped down last week Czechs hardly betted an eye-lid.

Having been excluded from all political life for the past nineteen years, they simply shrugged when they saw the face of Milos Jakes, the new party leader, slashed across the front page of “Rude Pravo”, the Czech party daily.

Czechs had other things to think about as they walked through the streets of Prague carrying their buckets. For, as the Christmas approaches, central Europeans set out to buy their carp, the traditional Christmas feast.

Just behind Wenceslas Square the other morning, a burly man equipped with a big rubber apron, scales, a net, and a tank placed on the pavement, started business.

Shoppers discussed the merits of the dozens of carp swimming in the tank and eventually chose their fish. With a scoop, the fish was thrown on to the scales, and then safely deposited in the buyer's bucket.

To make sure the carp is fresh for Christmas, Czechs fill up the household bath—and there the carp remains swimming around until Christmas Eve.

## Censor's scissors

Meanwhile, Romanian newspaper editors will have little joy this Christmas.

And it's not just the problem of acute food shortages and the lack of heating which is worrying them. They have to deal with new instructions on how to cover the 70th birthday of Nicolae Ceausescu, the Romanian president and communist party leader whose birthday falls on January 26.

While neighbouring Bulgaria recently issued a new decree banning unnecessary parades and official demonstrations to mark the birthdays of their leaders, the cult of the personality in Romania shows no signs of abating.

Newspaper editors have already been told what pictures to use, what biography to print,

and how much space should be devoted to Ceausescu.

To add to the pageantry, television programmes—which run for less than two hours per day—must devote almost the entire news bulletin to extolling the virtues of “the leader”, as he is called.

## Team cheer

Peter Johnson is not sure whether he is having a good season or a bad one.

The good news is that his company, the Park Food Group, has just recorded its first 1m-hamper year. The business is based in Birkenhead and is named after the town's Victorian park—itsself the model for Central Park, New York.

The main products are a range of wholesale and retail hamper packages with festive goodies. Johnson says that steady gains in turnover since the company went public five years ago have enabled it to win one-third of the British market today.

A few months ago he bought 80 per cent of another feature of Birkenhead's former glory, Tranmere Rovers.

Thus we come to the bad news—the Rovers are now struggling near the foot of Division Four of the English Football League. Park Food's winning season does not look like being completed at Prenton Park, where a recent crowd of 3,300 was still only 800 ahead of break-even.

Johnson's “gourmet” hampers of champagne and good food are often bought by companies—at £250 a time—to give to key customers, or as rewards to their salespeople. Rovers' supporters are wondering whether a judicious distribution of hampers among the players might be an incentive for them to score some goals.

## Men and Matters

## Kessler bows out

At a sprightly 80 years of age David Kessler has decided to retire after 55 years as chairman of the Jewish Chronicle, the British Jewish community's weekly paper.

He is handing over the chairmanship to his previous deputy, Ellis Blak, husband of Baroness Blak and senior partner of Nicholson Graham & Jones, the City solicitors.

Apart from his past achievements guiding the highly-successful independent newspaper, Kessler has just had the satisfaction of being able to announce to shareholders a 38 per cent dividend for 1987, against last year's 22 per cent. Profits for the financial year were ahead at \$502,878 over \$386,626.

Kessler leaves the paper in the hands of the Kessler Foundation, which he created three years ago to avert any possible takeover, and to ensure the paper's independence.

## Tuffin's trail

Just in time to enjoy Christmas, Brighton-based accountant John Tuffin, has been able to lay down a task he has been shoudering for nearly 20 years—the liquidation of one of the Channel Islands' early financial curiosities, the Bank of Alderney.

The saga has ended with the decision of the Alderney court, after hearing the liquidator's report, to dissolve the company today.

The chairman of the court, Colin Bragg, praised Tuffin's dogged efforts. “In difficult circumstances involving litigation and journeys abroad in the face of harassment,”

Parisian lawyer and later sold to Edmund Stokel and Seymour Kraft, who were each fined \$50,000 at the Old Bailey in 1986 for fraud involving the bank.

Ownership then passed to a former mayor of Twickenham, Frederick Edwards, who claimed to have sold the bank at Le Bourget airport in 1987—the year before it collapsed—to a Graham Heron.

Tuffin's main concern as liquidator was to show that Edwards still owned the bank. He won a case in Alderney described as “probably the longest and most intricate” the island had ever known, and then had to battle on in the Guernsey court and the British High Court.

The liquidation took him to Malta, where the Bank of Alderney had many of its depositors, and also to Gibraltar.

Finally, Tuffin recovered over \$24,000 enough to pay 9p in the pound to all the surviving claimants who could be traced.

## Words of comfort

The judgments that flow from the High Court are mines of esoteric information.

See, for example, Mr Justice Hirst's ruling this week in which Kleinwort Benson was held to be entitled to recover \$12m from the Malaysia Mining Corporation.

The case concerned a “letter of comfort”. This is a device known to businessmen—who do not always find it comforting.

According to the judge, it is a letter written usually by a parent company, or even a government, to the lender giving comfort to the lender about a loan made to a subsidiary or a public entity.

They are, it seems, widely used in bank finance in Germany. Hirst offered the additional intelligence that businessmen have also been known to write a letter of patronage.

Then there is the better-known gentlemen's agreement, which has been described as “an agreement which is not an agreement, made between two persons neither of whom is a gentleman”, whereby each expects the other to be strictly bound without himself being bound at all.

The Bank of Alderney was originally formed in 1956 by a

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Observer

# Still room at the top for heroes

LORD HANSON barely needed to pause for thought. But Harry Solomon, chairman of fast-growing food company Hillsdown Holdings, needed a day's notice before responding.

Bob Bauman, the American in charge of Beecham Group, did not feel qualified to answer as he has only been in the UK for about a year. Anthony Tennant, chief executive at drinks group Guinness, was too busy.

The question which they and a randomly chosen group of leading British industrialists had been asked was simple enough: who was the business person they most admired?

Few, however, found it easy.

## Mike Smith goes in search of the businessman's businessman

he admires for having seen a gap in the clothes market and exploiting it.

Mr Davies has quite a following among industrialists and several mentioned him as second choice. But it was Sir Christopher Hogg, chairman of British Steel and British Coal, with three votes. He was followed by Lord Hanson, chairman of the big industrial group named after him, Sir Owen Green, chairman of conglomerate BTR, and Sir Colin Marshall, chief executive of British Airways, all nominated twice.

Sir Christopher's supporters - Sir Adrian Cadbury, chairman of Cadbury Schweppes, Robert Quinn, chairman of Bata, the chemist and retailer, Sir Hector Laing, chairman of United Biscuits, and Graham Day, chairman of Rover Group - admire him for the quiet but effective way he has pulled Courtaulds round.

"He had to take tough decisions in terms of numbers of people, but he did it in a humanitarian way," says Mr Quinn. "There might not have

been a business had he not done so." He says Sir Christopher has also benefited from his affability.

Personal liking was not always a factor in the respondents' decisions - some had never met the people they chose. But in most cases it did play a part. Cyril Stein, chairman of Ladbroke, the hotels and entertainment group, chose Hillsdown's Harry Solomon "because he is clever, works hard and has a delightful personality."

Friendship was certainly influential for Lord Hanson, who selected Sir Ian MacGregor. They have plenty of common ground: both have wide interests in the US, both are staunch supporters of Conservative Party policies and both seem at ease with high public profiles.

But whereas Lord Hanson, 66, heads one of Britain's 10

largest companies, Sir Ian, who is 10 years older, no longer has the influence he once wielded. And that, Lord Hanson believes, is a pity.

"He is the businessman of the decade, head and shoulders above the rest. I am amazed by the depth of his knowledge and his ability to analyse what is needed and get things done."

Sir Ian was also backed by Sir Nigel Brookes, chairman of Trafalgar House, who admires his "vitality and public spiritedness"; and by Tony Clegg, chairman of Mountleigh, the property company, who points to his "breadth of vision."

Lord Hanson received nominations from Martin Sorrell, head of the WPP marketing services group, and from Harry Solomon, who is impressed by Sir Christopher's takeover strategy. "It is different from the policy we have adopted at Hillsdown where we buy companies to keep, but you have to take your hat off to him. At Imperial, for example, the prices he got for the parts he did not want to keep were so high that Hanson could not lose with the parts it kept."

BTR's Sir Owen Green has also acquired a strong reputation for his takeover skills, but

this year he suffered an unusual defeat at the hands of Pilkington, the glass group.

Pilkington's ability to repel BTR helped to win its chairman, Sir Antony Pilkington, the nomination of Metal Box, the packaging and central heating company. Nonetheless, Sir Owen seems to have kept his reputation reasonably intact and he was nominated by Nigel Rudd, chairman of Williams Holdings, the industrial conglomerate, and by Richard Miles, managing director of the Steeley brick company.

Mr Rudd praises the way in which BTR emerged from the crash with a strong balance sheet, but his admiration for Sir Owen goes further back.

Like BTR, Mr Rudd and his partner Brian McGowan, Williams's managing director, have bought and built businesses which may not be in the most exciting sectors, but do have possibilities for strong growth in margins. Mr Rudd readily admits that they have drawn on Sir Owen's example in the way they have developed Williams. "We were always aware of what he had done with mature companies by cutting overheads and, sometimes, reducing volumes," he says.

Gerald Ratner, chairman of Ratners, the jeweller, also selected someone who has influenced the way he conducts business. His choice was Stanley Kalms, chairman of Dixons, the retailer.

"These days too many shops are grey and understated," says Mr Ratner. "But when you walk into a Dixons shop you are invited in by the bright colours and you have to stop and look." Mr Kalms, he says, has a no-nonsense approach and knows everything that is going on in Dixons.

John Hardman, chairman-designate of supermarkets group Asda, also chose a man from his own sector. He selected Peter Barr, Hestonwood Foods' chief executive, for building up a "brilliantly successful company with the minimum of fuss."

George Davies, of Next, went outside retailing for his choice, perhaps unsurprisingly given that he is considered by many to be the most dynamic force in his field.

Like Allen Sheppard, chairman of Grand Metropolitan, Mr



Business heroes: Sir Christopher Hogg (left) and Sir Ian MacGregor

Davies's vote goes to Sir Colin Marshall, chief executive of British Airways. Mr Sheppard applauds Sir Colin for taking BA successfully from the public to the private sector. "British Airways is an entirely different animal from what it was when Sir Colin took over," he says. "He and Lord King (chairman) have revitalised the company. It is an airline which people want to fly."

Sir Colin is one of two businessmen who chose a non-British selection. He chose Stanley Kalms, chairman of Dixons, the former head of ITT, whom he observed at close quarters while working in the late 1960s and early 1970s for car hire company Avis, then part of ITT.

Geneen had built an empire embracing everything from sliced bread to telecommunications.

Kent Price, chief executive at Chloride, the batteries company, selected fellow American Jack Welch, chairman of General Electric, whom he says has brought about "tremendous cultural changes" at GE.

Of the other businessmen questioned, nominations were received from: Lord Delfont, chairman of First Leisure, the entertainment group, for Lord Forte, chairman of Trusthouse Forte; John Gunn, chairman of British & Commonwealth Holdings, financial services group, for Williams's Nigel Rudd; Sir David Plastow, managing

director of Vickers, for Sir Norman MacFarlane, Guinness's chairman; George Walker, chairman of leisure group Brent Walker, for Sir James Goldsmith, international financier; Sir Alistair Frame, BTZ's chairman, for Sir Peter Walters, chairman of British Petroleum; Sir Terence Conran, chairman of Storehouse, for John James, Laura Ashley's managing director; and Andrew Teare, managing director of building products company Rugby, for Sir Eric Founstain, chairman of Tarmac.

Perhaps the most original response came from Stanley Kalms, of Dixons, who chose Lord Garmoye, vice-chairman of merchant bank S.G. Warburg, financial advisor to Dixons. Kalms selected him because of "the quality of fees he charges... which are worth every million."

Strictly speaking the final nomination should be disallowed. But try telling Lord Forte and Sir Alan Dalton, chairman of English China Clay, that Mrs Thatcher does not count because she is not a businessman.

Lord Forte says she deserves the vote because of her part in restoring Britain to its place among the top business nations in Europe. Sir Alan insists the Prime Minister "qualifies" because "she is MD of GB PLC" because "she is MD of GB PLC"

# The BA/BCal merger Monopolies Commission goes on trial

By David Sawers

FEW DECISIONS have damaged the reputation of the Monopolies and Mergers Commission as much as its approval of a merger between British Airways and British Caledonian, a deal finally accepted this week by the BCal board.

The Commission does not normally find respected experts saying that it has been taken in by the arguments of the predator, or the Financial Times, saying that it has come close to undermining the Ministerial guidelines which were supposed to influence the treatment of mergers.

The prime justification for the Monopolies Commission has been that it provides the quasi-judicial body that can interpret the "public interest" criterion adopted for judging the merits of mergers and monopolies, and possesses the independence that is needed to ensure acceptance of its decisions.

The British Airways/British Caledonian case has weakened the Commission's reputation for independence. It has also demonstrated some of the disadvantages of using a "public interest" criterion for such decisions, and of leaving the Commission to determine what constitutes the "public interest" in each case. It came close, in its decision on British Airways, to equating the "public interest" with BA's share of the world market. This naive mercantilist approach is traditional among airlines, but an investigating agency that is required to seek out the public interest might be expected to have adopted some more sophisticated concept.

The Commission is required to take account of all matters which appear relevant in the particular circumstances of a case when deciding whether a merger or monopoly may be contrary to the public interest. But it is also enjoined to consider the effect on competition and on consumers, on the regional distribution of industry and on exports; and Lord Young, the Secretary of State for Trade and Industry, recently confirmed that he will follow the policy of his predecessor, Mr Norman Tebbit, by referring mergers to the Commission primarily because of

their potential effect on competition.

The Commission has thus been told to consider the effect of mergers on competition, but it can consider any other factor it likes in judging the "public interest". It has been given this discretion because governments have not had enough faith in the benefits of competition to make its preservation the specific objective of competition policy.

The discretion given to the Commission implies a faith in its abilities that has not been justified by recent experience. It is indeed doubtful whether any commission could handle so broad a remit effectively and consistently. The Monopolies Commission is a group of 30, of whom only the chairman is full time, who rarely work together, who treat each case individually and so do not set precedents, and who come from widely varying backgrounds. For so amorphous a group, its task must be impossible.

If it is accepted that competition usually improves economic efficiency and that competition policy should therefore be dedicated to maintaining competition wherever it is appropriate, the criteria for judging the merits of mergers and monopolies would simply be whether a merger would reduce competition; and if it did, whether there were offsetting benefits which outweighed the potential losses.

Such a change in criteria was proposed in the last published government review of competition policy, the Green Paper of 1978. Though the present guidelines stress competition as the main factor influencing references, the criteria the Monopolies Commission is supposed to follow have not formally been altered.

If the criteria were altered on these lines, the handling of cases would become simpler and more analytical. Questions like the scope for economies of scale or the cost of launching new products would be crucial and wider issues of "public interest" would not be permitted to intrude. Judgments should be more predictable. Businessmen considering a merger would know what they had to establish to obtain

approval.

Such a change would also reduce the justification for handing judgment to the Monopolies Commission. The supposed advantages of an independent and quasi-judicial body become even more dubious if decisions are primarily a matter of analysis. This analysis would have to be made by the professional staff of the Commission; its part-time members might be able to contribute if they had relevant experience, but the two days a week which they devote to the Commission (of which only one is usually spent at the Commission's offices) can hardly permit them to participate in serious - and hurried - studies.

If the government had the courage to adopt the recommendations of the 1978 Green Paper, it should also take the more drastic step of abolishing the Monopolies Commission. The task of judging mergers and monopolies could better be undertaken by the Office of Fair Trading which already advises the Secretary of State for Trade and Industry whether they should be referred to the Monopolies Commission.

The staff of the Commission could be transferred to the Office of Fair Trading, which would also need two or three more deputy directors general who would supervise the investigations of mergers and monopolies as the full-time directors of each study. The Director General would still advise the Secretary of State whether such investigations should be made and the advice to the Secretary of State on the desirability of a merger or monopoly would formally come from the Director General, though he would be advised by the deputy director general.

Such a change would permit quicker and more professional investigations. If speed is a virtue in such enquiries, they should not be made by part-timers. The Monopolies Commission reflects the British admiration for the amateur approach: mergers and monopolies deserve professional and full-time study.

The author is an economic consultant.

## Bevan rationed the NHS too

From Mr L.J. Bufton.

Sir, Joe Rogaly's analysis of the problems of funding the NHS (December 17) is fundamentally flawed.

"The infinity of demand" point is largely spurious, in that large numbers of people do not rush to use the NHS at the drop of a hat, but use the local chemist's shop instead. More significantly, all the signs are that they would prefer to pay more for the NHS through taxes. Much more.

The "vested interests" item is almost an insult to "doctors, nurses and health administrators." These people are professionally qualified and work to rigorous standards, seldom to whim or parochialism. The administrative costs of the NHS are in fact lower than their equivalents in the largely private health system in the US.

There is nothing new about "rationing" either. In post-war ravaged Britain Bevan had to ration the NHS, which is one reason why he fashioned it in a "mixed economy" mould.

Even the exponential effects of rapid scientific and technological progress are hardly unique. Many managers in industry have long since had to justify to their corporate planners and shareholders the formulae to plan effectively to contend with the phenomenon.

In "comfortable Britain" the NHS can be funded reasonably adequately. The seeming watershed in the debate on financing has been artificially contrived by several years of draconian underfunding by HMG.

L.J. Bufton, 50 Kilmessy Road, Birmingham

## Divestment will help to end apartheid

From Mr Avranish Persaud.

Sir, In the Monday Page interview last week (December 14), the Governor of the South African Reserve Bank, Mr Gerhard

## Letters to the Editor

### Mistakes made in housing policies

From the Chairman, National House-Building Council.

Sir, Samuel Brittan says (December 14) that "we may at long last be in sight of a consensus where most people can look forward to substantial free property... unfortunately, in the case of housing inheritance it will have made least progress at the lower end of the income scale where it would be of most benefit."

How right he is. It is hugely unfortunate that all political parties based their housing policies between 1945 and 1979 on false assumptions that the best way, and the cheapest way, to help poorer people to have good houses was to build new houses for them to rent. Neither assumption was true.

As long ago as 1979 a Housing Research Foundation report pointed out that this kept poorer people in a poverty trap without any hope of acquiring a substantial asset. For the same amount of public money it would have been possible, using shared ownership schemes and other devices, to enable at least half of those who became council tenants to become owners.

Happily, all political parties have now seen the light with varying degrees of clarity. The next step should be to introduce a system of grants for council tenants of below average income to enable some of them to buy in the open market. The houses which they then vacate would become immediately available for the most needy on waiting lists.

Of course we shall always want some houses to rent for those who have to move frequently, or who do not want to own. But helping poorer people to buy costs little more than

Avranish D. Persaud, Students' Union, London School of Economics, East Building, Houghton Street, WCS

## London's West End residential communities are beleaguered

From Councillor Paul Dimoldenberg.

Sir, Your special feature on Westminster misses the fundamental flaw in the Conservative Council's approach to creating "stable communities" (December 14).

It is obviously true that population decline over the past 10-15 years has been staggeringly high in areas of London: north and south of Oxford Street, north of Hyde Park, and in the Victoria Street area. The operation of the market leading to high rents, high property values and high service charges has forced many long-suffering residents out of the West End.

In the main, they have been replaced by company and holiday lets, empty flats and a tiny minority who can afford international property prices. The massive drop in the Tory vote in the local elections in these areas is the inevitable consequence of this economic process.

The real "stable communities" in Westminster are the council estates in Paddington, Marylebone and Pimlico, where the population has dropped far less than average. Yet it is in these stable communities that the Conservative council is leaving hundreds of flats empty in readiness for sale. The sons and daughters

of council tenants who want to remain in Westminster are now being told that they have no chance unless they can afford to buy. What Westminster is doing is to destroy its stable communities.

The real motives of the Conservatives of Westminster City Council are political. Their majority on the council is down to four, and the 1990 council elections will see that majority disappear. By destabilising council estate communities, which invariably vote Labour, Tories hope to retain control.

If Westminster Conservatives were really interested in rebuilding the beleaguered West End

helping them to rent, and providing an admirable way of spreading wealth among all sections of society.

A.W. Tait, 25 Portland Place, W1

### It matters where the litigation is heard

From Mr John McDonagh.

Sir, The article by A.H. Hermann (December 14) highlighted the differences in attitudes to compensation claims between the US and the UK.

It now seems essential that claimants should be given some form of choice as to the location of class action litigation, because the choice of venue is of critical importance to the amount of compensation which may be awarded. This was obvious to the Indian government when they attempted to have the Union Carbide action heard in the US. This was opposed by Union Carbide, and the multinational eventually won the day, with the result that the action was to be heard in India.

There is a precedent, since the crash of Turkish Airlines flight TK381 near Senlis in 1974, for such actions to be heard in the US. In this instance the litigation, which concerned a Turkish aircraft flying from Paris to London carrying 346 people of more than 20 different nationalities, was heard in American courts because the manufacturer, McDonnell Douglas, was claimed to have supplied a defective product. Even though the accident happened outside the boundaries of the US, and attempts were made by the defendants to have the action heard outside the US, the case was eventually heard in Los Angeles. One point to bear in mind is that the compensation awarded to two sisters from London, for the loss of their parents, amounted to over \$1.5m.

Perhaps if similar awards became the custom in UK courts, more care might be taken by firms with regard to their products and services.

John McDonagh, Department of Management Studies, Scottish College of Textiles, Netherlands, Galashiels

New Issue

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## EC reaches accord on plan to end steel quotas

By William Dawkins in Brussels  
EUROPEAN Community Industry Ministers last night reached a breakthrough accord to phase out all steel output controls over the next six months to three years.

Concessions both by the European Commission and by the big steelmaking countries at a key meeting in Brussels allowed member states to settle on a timetable for dismantling the production quotas which have helped prop up steel prices since 1980.

They accepted a slightly softened version of the Commission's plans for liberalising the steel market, an event which is expected to hit prices for the 60 per cent of EC steel output now governed by quotas. Yesterday's accord will keep quotas going for longer than Britain, the Netherlands, most steel consumers and the more efficient producers would have liked, but at least sets a firm timetable for a free market, thereby ending more than a year of uncertainty.

"We can live with an extension of quotas so long as countries are at least tackling the closures required to get rid of surplus capacity across Europe," said Mr Kenneth Clarke, UK Trade and Industry Minister. Britain would be offering no closures and would expect the required restructuring to come from Germany, Italy, France and Belgium.

Quotas for merchant bar and wire rod will expire on January 1, followed - in the absence of promises of major closures - by hot rolled coil, heavy plate and heavy sections on July 1. The Commission will extend quotas for heavy plate and sections until the end of 1990 if industry comes forward with binding promises to cut three-quarters of overcapacity in those products by next June 10.

It will also consider extending quotas beyond next July 1 for hot rolled coil, rather than ending them automatically as originally planned. That would also be conditional on guarantees from the industry by next June to shut 7.5m tonnes out of the 11.1m tonnes of overcapacity that the Commission's latest estimates show in this sector.

Hot rolled coil includes the largest and most politically sensitive chunk of steelmaking overcapacity, based in a handful of very large publicly owned plants.

The Commission's offer to consider the option of extending quotas for hot rolled coil beyond next summer was the key to winning the support of West Germany, France and Italy, which were keen to delay a return to a free steel market. Britain and the Netherlands also lent the Commission their support yesterday, having previously urged an immediate end to output controls.

Mr Clarke denied that the accord was a setback for British Steel, which has been complaining that its production has been hampered by quotas. British Steel would benefit from any accord that helped to cut overcapacity, he said.

One reason for member states' sudden flexibility was that failure to make a decision by the end of the year would have led to the expiry of the entire quota system on January 1. Mr Karl Heinz Narjes, European Commission, said confidential bilateral meetings between the Commission, governments and steelmakers in recent weeks had produced promises to close 20.7m tonnes of overcapacity, a much larger share of the total 30m tonnes surplus than was being offered by the industry earlier.

However, that still falls well short of the Commission's criteria for extending quotas beyond next June, especially for hot rolled coil. Then the industry has promised between a quarter and just over half of the latest estimate of 11.1m tonnes of surplus production potential in the sector. The huge margin of error is because of political uncertainties in Belgium, in the process of forming a new government, France, facing presidential elections next spring, and the UK, where British Steel is about to be privatised.

The Commission has exacted promises from the industry to shut just over half of the 5.9m tonnes overcapacity in the hot plate and 61 per cent of the 3.7m tonnes surplus capacity in heavy sections.

## Zimbabwe merger brings one-party rule closer

By OUR FOREIGN STAFF

MR ROBERT MUGABE, Prime Minister of Zimbabwe, and opposition leader Mr Joshua Nkomo, after more than two years of negotiations, yesterday signed an agreement to merge their two political parties, paving the way for a one-party state.

"The nation must feel jubilant at this moment, at this act which has brought us together," said Mr Mugabe after the signing of the accord in the capital, Harare.

"We are one. The nation must feel jubilant at this moment, at this act which has brought us together," said Mr Mugabe after the signing of the accord in the capital, Harare.

Mr Nkomo, leader of the Zimbabwe African People's Union, which draws most of its support from the minority Ndebele population, was more cautious. "It is the beginning of unity, for unity is not just the signing of documents. Unity is what follows."

Some supporters of Mr Nkomo are opposed to union with Mr Mugabe's ruling Zimbabwe African National Union party and fear domination by the country's Shona majority. Recent killings of white farmers in the south-western province of Matabeleland have been linked to Ndebele dissatisfaction with the central Government.

The merger of the two parties will give Mr Mugabe all but one of the 140 seats in the two-tier parliament. Mr Mugabe is due to be installed as Zimbabwe's first president at the end of December. He will be the leader of the new party and Mr Nkomo is expected to become one of the two vice-presidents.

The agreement says "ZANU (PF) shall seek to establish a socialist state in Zimbabwe on the guidance of Marxist-Leninist principles."

The unity pact should be finally approved by congresses of the two parties, to be convened as soon as possible. The accord commits the two parties to act immediately to end the violence in Matabeleland.

The two fought a seven-year guerrilla war for Zimbabwe's independence under a loose alliance known as the "Patriotic Front" but split shortly before the country's first general elections in 1980. The agreement was signed in the presence of President Canan Banana after 10 meetings held since October 1985.

Last April, Mugabe terminated the unity talks saying they were serving no purpose. PF-ZAPU responded by reaffirming its commitment to unity cutting across tribe, region or race.

The ruling party frequently accused PF-ZAPU of involvement in the Matabeleland rebellion, a charge Nkomo has always denied.

Negotiations resumed last August after Nkomo had dropped several demands, including a new name for the merged party.

Hundreds of civilians, including at least 50 white farmers have died in the violence which began after Mr Mugabe sacked Mr Nkomo and his senior aides from a coalition cabinet set up after independence in 1980.



Zimbabwean Prime Minister Robert Mugabe (left) and opposition leader Joshua Nkomo embrace after signing an agreement to unite their political parties and establish a one-party Marxist-Leninist state.

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## Denmark, Ireland face legal action over border shopping

By TIM DICKSON IN BRUSSELS

WITH AN appropriately seasonal sense of timing, the European Commission decided yesterday to take Ireland and Denmark to the European Court of Justice for imposing allegedly illegal limitations on cross-border shopping.

The problem arose earlier this year when both countries announced that the Community's duty and tax free allowances for drink, cigarettes and "other goods" up to a value of Ecu260 (\$441) in Ireland's case and Ecu280 in Denmark's case, would in future be restricted to "bona fide" travellers.

This group would be defined as those who spend 48 hours out of the Irish Republic, or 24 hours out of Denmark.

The measures were introduced

to curtail so-called "fiscal" travellers who dash across the relevant borders on lightning shopping expeditions to take advantage of lower rates of value added tax and excise duty.

This practice has been particularly popular at Christmas in Newry and Belfast, Northern Ireland, where shops have been stuffed with bargain hunters on day excursions from the Republic of Ireland.

After citizens of the Irish Republic made several complaints to Brussels about their Government's rigorous enforcement of the rules, the commission began an investigation of the case and issued a so-called "Reasoned Opinion" in October. Officials believe that the new definition of "bona fide" traveller

represents a fundamental challenge to the original 1969 Directive.

They also believe that such an interpretation contradicts efforts to create a barrier-free internal market, notably the far-reaching proposals tabled by the commission this year for greater harmonisation of VAT and excise duty rates.

The commission believes that there are adequate safeguards at the moment, notably the limitation of the privileges to "occasional" travellers and the monetary restrictions.

A spokesman for the Irish Government said last night that the allowances had cost the Irish Exchequer 16.4m (\$26m) or 3 per cent of the country's budget deficit in 1986.

## US hits at Israeli Gaza policy

By OUR FOREIGN STAFF

THE US once again sharply criticised Israel's handling of the disturbances in its occupied territories yesterday as Israeli troops shot dead a Palestinian in the Gaza Strip, raising the official death toll in the fortnight of riots there and in the West Bank to 22.

The White House spokesman, Mr Martin Fitzwater, said President Ronald Reagan was closely monitoring developments and was in communication with Israeli and Arab leaders about the disturbances.

The continuing occupation is exacting a toll on the 1.5m Palestinians in the territories and on Israel itself, he said, expressing

concern about the Israeli's use of live ammunition to quell the riots. "The effects of occupation are not felt in the territories alone. They also damage the self-respect and world opinion of the Israeli people."

The statement, the latest in a series from Washington, raised speculation that the US might be preparing to abstain when the United Nations Security Council votes on a resolution about the disturbances in the next few days, thus allowing a motion criticising Israel to pass. The US, Israel's main financial backer, has in the past frequently vetoed resolutions hostile to Israel, so an American abstention would be

seen as a blow to Israel.

Mr Yitzhak Shamir, the Israeli Prime Minister, has already expressed disquiet over the Security Council deliberations. He said a censure motion "will encourage the extreme elements in our area and it will discourage the positive elements."

In yesterday's disturbances, a 19-year-old Palestinian was shot dead during a demonstration at Jabalya refugee camp in Gaza, the hub of the recent unrest. Seven others were wounded.

Meanwhile, Mr Yitzhak Rabin, the Israeli Defence Minister, toured the occupied territories - the first Israeli leader to visit them since the unrest began.

Sir Colin Marshall, chief executive of BA, said it was strange that any letter from the commission should arrive on Monday, after there had been many weeks of debate about the merger.

BA expects to have completed the integration of BCal into its own organisation by April 1, the start of the summer travel season.

## When the going gets tough, the tough go shopping

By Janet Bush in New York

BELT-TIGHTENING? Not a bit of it. New Yorkers - who read daily post-crash predictions of restaurants going out of business, property prices collapsing, theatre tickets left at the box office and empty department stores - are going about the serious business of Christmas shopping as if they had never heard the phrase "health effect."

"It takes more than the obliteration of a trillion dollars of personal wealth to keep them away from the shops. This annual orgy of spending and giving is more than just a function of wealth - it is keeping up with the Joneses, entertainment and therapy."

You can't beat New York as a place to shop. Where else in the world does your former self shop (in this case, Beauty Feast in Greenwich Village) offer fully carpeted, three-tier cat condominiums for multiple feline residency? Or an air-conditioned hair salon (in this case, Beauty Feast in Greenwich Village) offer fully carpeted, three-tier cat condominiums for multiple feline residency? Or an air-conditioned hair salon (in this case, Beauty Feast in Greenwich Village) offer fully carpeted, three-tier cat condominiums for multiple feline residency?

More staid is Bergdorf Goodman, the gorgeous, old-fashioned store next door to the Plaza Hotel. Bergdorf Goodman is the sort of operation which would not be put out of its stride by a minor event like an unprecedented collapse on Wall Street. With great aplomb, it went ahead with its Luxe collection of Christian Lacroix clothing for up to about \$30,000 each - a week after the crash.

Bergdorf, like many other up-market stores in New York, is unashamedly adorning anything British. What is a better example than Wall Street more than a bottle of Blenheim Bouquet eau de toilette, imported by Penhaligon's of Covent Garden and retailing at \$51 for a 3.4-ounce bottle?

Beautiful young men, dressed in bow ties and Giorgio Armani suits, drape themselves around the sparsely habited department stores, languorously moaning about how awfully hard it is.

Well, it is busy in Bloomingdale's, the famous department store. Bloomingdale's, as it is affectionately known by New Yorkers, boasts two irresistible features.

One is the perfume gallery, where shoppers run as quickly as they can through two columns of girls in party frocks spraying them with scent. The other is the living tableaux - motionless shop assistants guarding cash registers.

If it weren't for the amazing tolerance of New Yorkers for rudeness in department stores, these redoubtable guardians of Bloomingdale's inventory would cause the next US recession.

It is almost impossible to buy anything. God forbid that you try to buy a tie or a sack for a wife. On the whole, New Yorkers observe this code.

They have a saying: "When the going gets tough, the tough go shopping."

Witness the many anecdotes, told with relish by New Yorkers, of rudeness, and the unpleasantness of shopping. "It was amazing: I queued up for two hours at Macy's the other day." Giving Christmas presents is just that much more difficult when you have spent most of an afternoon buying it.

Conran's, the US arm of Sir Terence Conran's Habitat, has been down to the big challenge to the New York shopper. The drawback with the US consumer's desire to buy anything not made in the US (apart from the trade embargo, of course) is that goods abroad have to be shipped - and shipments always arrive next week.

One customer who asked how Sir Terence Conran's business was told by one of the harassed young assistants: "But he was knighted by the Queen of England." Compelling logic.

It is as hard to buy a hi-fi system at Cressy Eddie, one of New York's electrical discount stores, as it is to buy pine tables at Conran's, but it is much more fun.

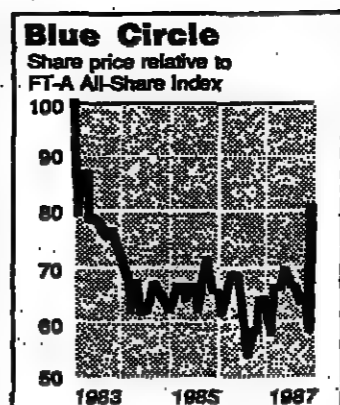
As nobody expects to find anything in stock - an audit of inventory in November disclosed the inexplicable disappearance of \$48m worth of merchandise - it is a delicious triumph when you manage to buy one of the items advertised at INSANE prices in screaming, full-page newspapers.

For New Yorkers, this is all in a day's shopping, but sometimes you get the feeling that even these acquisitive stalwarts would like a more genteel time.

One New Yorker in the home furnishings department of Bloomingdale's, overhearing an English woman complain she wouldn't be bullied by a shop assistant, admiringly burst into Rude Britannia.

## THE LEX COLUMN

# Japan knocks on an open door



Blue Circle  
Share price relative to FT-A1 All-Share Index  
1983 1985 1987

On capital adequacy policies for international banks, as the most important reason why it is prepared to continue to adopt an open attitude to Japanese entry into the more sensitive areas of the US financial markets. It also noted the progress which has been made in allowing foreign firms to join the Tokyo Stock Exchange and the growing foreign access to the Japanese Government bond market. In the UK, the Bank of England does not have to explain its attitudes as publicly as the New York Fed but judging by tell tale signs, such as last week's indication that Yamaichi and Nikko would receive UK banking licences, it seems only a matter of time before Nomura joins the UK gilt-edged market.

## Blue Circle

Blue Circle's contrasting, and not unpleasant, experiences with "down raids" over the past three weeks offers another promising indicator of renewed market confidence. At the beginning of the month it took Blue Circle two days to map up most of the 8m shares in Birmid Qualeast it was then seeking. But whoever tried to give the UK cement group a taste of its own medicine yesterday ended up looking badly in need of lessons in cheap steel-making from the Kuwait Investment Office. Instead of grasping the cash with relief, the market makers and fund-managers initially pushed the Blue Circle price 30p over the offer of a £1.15p premium to Monday's price. It remains to be seen if this really is the end of the "down raid" phase, but whether or not investors share the industrialists' perception of the good value available at present prices at least they have the confidence to bluff it out against the corporate sector.

Of course the raider's apparent misjudgement may have more to do with Blue Circle itself. The belief that the company has moved too quickly from defence to attack, and has lumbered itself with an earnings drag through buying relatively highly rated companies, may have contributed to its recent unpopularity. But when fund managers are invited to consider the long-term value of the company, such immediate earnings dilution becomes rather less significant. Most analysts now put the fundamental value of the shares at well over \$5. In the event of a bid, Blue Circle will no doubt boast about its property portfolio and the Armitage Shanks brand must have a value not apparent in the balance sheet. Against that, of course, an outsider could ruthlessly close unprofitable cement plants and create a cement shortage for the benefit of Blue Circle shareholders.

## BP/Britoil

From BP's viewpoint, the advance of the Kuwaitis must be getting like one of those slow-motion nightmares. Just over a sixth of the company has now disappeared down the KIO's gullet, and the UK Government looks on unmoved, which must be particularly galling in view of the Government's opposition to BP itself making a nourishing snack of Britoil.

With its stake at just over 1bn BP new, Kuwait now has almost half the entire issue. Even for the KIO, the sums are starting to look formidable: over £700m invested already, and a further £2.1bn due in further instalments if the shares are held for another 16 months. The £80m net dividend due in May will be a consolation, but the worry must be that if Kuwait does not eventually want to put close on \$30n into a single investment it may sell the stake on to somebody else.

Britoil, meanwhile, was still faced yesterday with a sudden death play-off. The market's nerve started to crack as it became plain that the Takeover Panel was not going to make a quick decision, and the shares slipped back to around 10 per cent below the BP offer. Arco, with its stake up to 19.7 per cent, was meanwhile lying low. Even so, turnover in BP and Britoil made up 28 per cent of the market total yesterday - the same proportion as Monday, both days having been unusually busy post-crash standards. The market is going to miss it when the oil sector quietsens down.

**AEROSPACE ENGINEERING, ALAN PATRICK**  
**ALEXANDER HOWDEN, ASHURST MORRIS**  
**CRISP, 31, ALLIED IRISH, BAKER HARRIS**  
**SAUNDERS, BANK OF SCOTLAND, BARINGS**  
**BARCLAYS, BODDINGTONS, BUCKMASTER &**  
**MOORE, BZW, JAMES CAPEL, CAZENOVE**  
**CHARTERHOUSE, CHASE MANHATTAN, CIN**  
**CONTINENTAL ILLINOIS, COUNTY, COUTTS**  
**DIBB LUPTON, FRERE CHOLMELEY, GOVETTS**  
**FRESHFIELDS, GNI, GT, GOLDMAN SACHS**  
**GOOCH & W**  
**GREAT SOL**  
**HOUSE OF**  
**H & J QUICK**  
**INDUSTRIE**  
**HOARE 60**  
**JOHN FOST**  
**KLEINWOR**  
**LLOYDS, L**  
**MIDLAND,**  
**GRENELL,**  
**PAULS, PH**  
**HAPPY CHRISTMAS**  
**AND BEST**  
**WISHES FROM**  
**ROBSON RHODES**  
Chartered Accountants  
sixteen offices in England  
**WAGSTAFF**  
**SOUTHERN**  
**OF FRASER**  
**HARRISON**  
**LL SAMUEL**  
**ETT, ICAEW**  
**ER, KALON**  
**INKLATERS**  
**IS, LONRHO**  
**J, MORGAN**  
**NAT WEST**  
**PHILLIPS &**  
**DREW, PHILIP HARRIS, PICCADILLY RADIO**  
**RADAMEC, THOMAS ROBINSON, ROYLES**  
**S.G. WARBURG, SCHREIBER, HERBERT SMITH**  
**SAVILLES, SHEPPARDS, SLAUGHTER & MAY**  
**STEPHENSON HARWOOD, TSB, TEMPLETON**  
**GALBRAITH & HANSBERGER, ROYAL BANK**  
**OF SCOTLAND, UNITED SCIENTIFIC HOLDINGS**  
**SUTCLIFFE SPEAKMAN, WILLIAM F. PRIOR**  
**WELLMAN, MIM, WILLIAMS LEA, YORKSHIRE**  
**BUILDING SOCIETY, YORKSHIRE CHEMICALS**

## World Weather

Area	Temp	Wind	Cloud	Precip
UK	12-15	10-15	Partly	0.0
France	10-14	10-15	Partly	0.0
Germany	11-14	10-15	Partly	0.0
Italy	13-16	10-15	Partly	0.0
Spain	14-17	10-15	Partly	0.0
Portugal	15-18	10-15	Partly	0.0
Belgium	11-14	10-15	Partly	0.0
Netherlands	11-14	10-15	Partly	0.0
Sweden	10-13	10-15	Partly	0.0
Norway	11-14	10-15	Partly	0.0
Denmark	11-14	10-15	Partly	0.0
Poland	10-13	10-15	Partly	0.0
Czech	11-14	10-15	Partly	0.0
Slovak	11-14	10-15	Partly	0.0
Hungary	12-15	10-15	Partly	0.0
Austria	11-14	10-15	Partly	0.0
Switzerland	11-14	10-15	Partly	0.0
Germany	11-14	10-15	Partly	0.0
France	10-13	10-15	Partly	0.0
Italy	12-15	10-15	Partly	0.0
Spain	13-16	10-15	Partly	0.0
Portugal	14-17	10-15	Partly	0.0
Belgium	11-14	10-15	Partly	0.0
Netherlands	11-14	10-15	Partly	0.0
Sweden	10-13	10-15	Partly	0.0
Norway	11-14	10-15	Partly	0.0
Denmark	11-14	10-15	Partly	0.0
Poland	10-13	10-15	Partly	0.0
Czech	11-14	10-15	Partly	0.0
Slovak	11-14	10-15	Partly	0.0
Hungary	12-15	10-15	Partly	0.0
Austria	11-14	10-15	Partly	0.0
Switzerland	11-14	10-15	Partly	0.0

## OECD sees slowdown

Continued from Page 1

lower next year at 2½ per cent. German growth is expected to be ½ percentage point less at 1½ per cent, and Japanese growth 1½ percentage points faster at 3½ per cent.

The projections foresee a further slowdown in the OECD area in 1989, from 2½ per cent to 1½ per cent, with a slowdown in the US, in Germany, in Japan and in the OECD as a whole.

However, the OECD is on this occasion more than usually cautious about its projections, because of continuing uncertainty over the policies of governments and their impact on

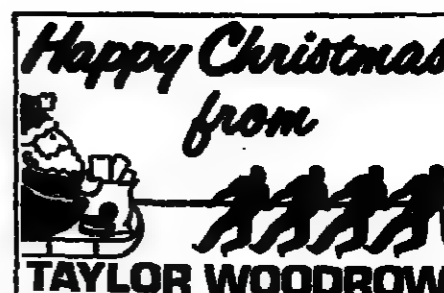
markets and confidence.

Mr David Henderson, head of economics, disclaimed any sense of alarmism. He made clear that some progress had been made, notably by the fiscal stimulus in Japan, by efforts to cut the budget deficit in the US, and by stimulatory measures in Germany.

One consequence of the falling off of economic growth rates is likely to be a further increase in unemployment, to a total for the OECD area of some 32m in the second half of 1989. In Europe the unemployment rate is expected to rise from 10½ per cent to 11½ per cent over the two years.

# SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Wednesday December 23 1987



## Blue Circle shares surge after failed London dawn raid

By CLAY HARRIS AND ANDREW TAYLOR IN LONDON

BLUE CIRCLE Industries, Britain's largest cement group, was the subject of an unsuccessful "dawn raid" in the London stock market yesterday as a mysterious buyer tried to pick up nearly 15 per cent of the group's shares and indicated it would try immediately to double that stake through a tender offer.

The name of the predator was not disclosed, although favoured candidates included Adelaide Steamship, the Australian investment company which built up a 9.8 per cent stake in Blue Circle late last year before selling it in several stages concluding in March.

Among British companies mentioned by London analysts as possible buyers were Hanson and BTR.

The raid was launched in the middle of Blue Circle's own hostile \$217m (\$385m) cash takeover bid for Birmid Qualcast, the lawn-mowers, boilers and cookers group, a bid which itself was preceded by a dawn raid earlier this month.

James Capel, the stockbroker, yesterday offered 450p for up to 35m Blue Circle shares, about 14.7 per cent of the total. If the target was achieved, Capel said, a tender offer would be launched

at the same price to lift its unnamed client's stake to 29.9 per cent.

However, Blue Circle's price soared from Monday's close of 333p and Capel found few sellers. The shares closed yesterday at 454p, a 121p rise on the day, to give Blue Circle a market capitalisation of \$1.17bn.

Only 17m Blue Circle shares changed hands in the market yesterday, Mr David Poole, Blue Circle managing director, said. They were not very successful, it seems they got less than 1 per cent.

Adelaide Steamship yesterday declined to say whether it was involved in yesterday's raid or whether it had bought any Blue Circle shares since March.

Meanwhile, Holderbank, the Swiss-based company which is the world's largest cement group, flatly denied it was involved, as did Lafarge Coppee, the French building materials group and CSR International, the Australian building materials and natural resources company.

Blue Circle, which sells approaching 30m tonnes of cement a year, is the world's second largest cement manufacturer behind Holderbank.

See Page 14

## WPP pays £32m for UK design group

By Fiona McEwan in London

WPP, the acquisitive UK marketing services group headed by Mr Martin Sorrell, yesterday created what it claims is "the largest retail design group in the world" with the takeover of Stewart McColl Associates, one of London's biggest design groups.

The WPP group, which earlier this year shook the advertising world with its controversial takeover of US-based international agency J Walter Thompson for \$250m, is paying up to £32.5m (\$50m) for its newest recruit.

Yesterday's deal - WPP's first acquisition - is earnings-related and spread over five years. It brings WPP's tally of design companies to six - four of them acquired this year - with activities spanning corporate identity, retail, graphics, product and packaging.

Sorrell has concentrated on below-the-line marketing services like design - unlike other groups which have focused largely on advertising - and has been rewarded by rapid growth.

The UK design market, estimated at £1.7bn, is growing about 25 per cent a year, while the US market, worth about \$9.5bn, has an annual growth rate of more than 20 per cent.

The deal, subject to shareholder approval, is being funded with an initial payment of £5m (\$8m) in cash and £2.5m in WPP shares to be held for at least three years with a further \$1m conditional on profit levels, which McColl believes will be reached.

Further earnings-related payments in cash and shares will occur over the next four years. The overall purchase price is based on a multiple of 10 times SMA's average post-tax profits for the three years ending November 1986.

Mr McColl, who joined Mazda in 1986, succeeds Mr Kenichi Yamamoto, who moves to the

Chris Sherwell reports on the creation of a new potent force among world gold producers

## Bond plans move into the big time



Mr Alan Bond

A NEW international gold mining giant is due to be launched on the world's stock markets next year by Mr Alan Bond, the flamboyant Australian businessman. Its acronym, perhaps appropriately, will be BIG - for Bond International Gold.

The flotation will be the climax to a series of acquisitions begun in 1984 which have unfolded at breakneck speed over the past year. Its precise size is not yet known, but it is certain to run to hundreds of millions of dollars.

Its timing, too, is yet to be finalised. Before the October plunge in stock markets the target was February or March. That has been put back a month or two, but it is planned to be no later than June.

The company to be floated is the current St Joe Gold of the US, 90 per cent of which Mr Bond bought from Fluor in August for US\$500m.

The 49-year-old Perth businessman is seeking to buy out the remainder to take the company private. Its domicile will then be changed for tax reasons and it will be refocused as Bond International Gold with listings in New York, London, Tokyo and Australia.

Mines controlled by the group are expected to be producing about 1.5m ounces of gold by 1989. This would carry it past Western Mining to make it Australia's biggest producer and catapult it into

quoted company with brewing and television as its principal interests.

Dalhousie would be expected to retain at least half of Bond International Gold. But it remains unclear whether every element of his international gold empire would be included in the float.

St Joe itself has mining interests in the US and also in Chile, where its El Indio mine is the principal contributor to its overall output. Mr Bond aims to sell down these Chilean interests to 51 per cent, but will probably inject his existing Colossus mine in California.

A move to take a big stake in Atlas Consolidated, the Philippines gold and copper producer, is not part of the equation. In any case, that involves Bond Corporation, through its Hong Kong arm.

Most of Mr Bond's Australian interests will also, on present assumptions, be transferred to Bond International Gold.

Dalhousie controls 58 per cent of Mid-East Minerals, which in turn holds 44 per cent of Mid-East Exploration and is bidding A\$2 a share for the remainder. So far it has secured about 63 per cent.

Metals Exploration has the controlling 38 per cent interest in North Kalgoorlie Mines (NKM), which in June secured control of Gold Mines of Kalgoorlie (GME) through a

A\$570m (US\$406.8m) takeover after buying an initial 18.9 per cent stake from Western Mining. At the time, NKM said it expected to sell down its interest in GME to 51 per cent.

NKM and GME between them have interests in some of the most important mines around the gold-mining centre of Kalgoorlie in Western Australia - among them Fimiston, Fimiston-Paringa, Mt. Charlotte, Mt. Percy and Jubilee.

In the most recent development on this front, GME last week announced an A\$375m deal to obtain 52 per cent control of a company called Kalgoorlie Mining Associates. This was done through the purchase from Fimiston of the half-share in another company, Kalgoorlie Lake View, which GME did not already own.

The deal paves the way for the development of the much-awaited "super pit" in Kalgoorlie, a massive open-cut development which will turn the town's fabled Golden Mile into a quarry some 3km long and 1km wide which is expected to yield about 800,000 ounces of gold a year.

The deal was the first significant gold-related development since the October share market collapse, which hit the overheated gold sector more sharply than any other.

The move confirmed that Mr Bond, who wheeled and dealt

with the best of them during the good times, retains his enthusiasm for gold and is continuing along his chosen path as though the crash never occurred.

This enthusiasm parallels a surge of interest in gold in Australia as a whole. Dubbed "the third gold rush" (the first two having come in the 1850s and at the turn of the century), it will push gold production this year to 100 tonnes - up from just 18 tonnes five years ago.

Higher bullion prices, especially when measured in terms of Australia's depreciated currency, the generous absence of corporate tax on gold mining companies, and technological improvements have all contributed to the remarkable trend.

Mr Bond, in advancing his own campaign, has so far spent close to A\$2bn. But because Dalhousie is a private company it is impossible to know the shape of his balance sheet.

Almost certainly he has built up large borrowings in Dalhousie. He has also resorted freely to rights issues in companies down the chain, angering some of his shareholders in the process.

Should Mr Bond pull it all off, however, he will end up with personal control of one of the world's largest gold mining companies.

## National Semiconductor buoyed by record sales

By LOUISE KENOE IN SAN FRANCISCO

NATIONAL Semiconductor, the US semiconductor and computer manufacturer, reported its third consecutive profitable quarter for the period ending November, with record sales fuelled by its recent acquisition of Fairchild Semiconductor.

Sales for the second quarter were \$640m, compared with sales of \$456.8m for the same period last year. Net earnings were \$11.1m or 8 cents a share compared with a net loss of \$5.7m or 9 cents a share a year ago when the company was hit by an industry-wide decline in semiconductor demand.

Results for the second quarter include two months of sales and operating performance for Fairchild, which National acquired for \$1.22m in stock and warrants.

Earnings were boosted by a \$1.5m, or 1 cent a share, tax credit and by a \$30m gain from the sale of two buildings.

For the first half of fiscal 1988, sales were \$1.15bn, with net earnings of \$24.1m or 18 cents a share.

During the first half of fiscal 1987, sales were \$967.5m, with a net loss of \$7.1m or 18 cents a share.

## Mazda Motor profits plunge

By OUR FINANCIAL STAFF

MAZDA MOTOR, the Japanese car and truck maker in which Ford of the US has a stake of almost 26 per cent, had its pre-tax profits halved in the year to October in spite of a decline in sales of just 1.5 per cent.

At a board meeting ahead of the result announcement yesterday, the company appointed Mr Norimasa Furuta, previously a long-serving official of the country's Ministry of International Trade and Industry, as its new president.

Mr Furuta, who joined Mazda in 1986, succeeds Mr Kenichi Yamamoto, who moves to the

more ceremonial post of chairman. Mr Moriaki Watanabe makes way there to become an advising director.

Taxable earnings for the parent company were ¥10.14bn (\$80m) compared with ¥20.24bn, on turnover which at ¥1,602bn was down from ¥1,635bn.

Mazda is maintaining the annual dividend at ¥7.50 a share in spite of net earnings per share which reached only ¥4.63 compared with a previous ¥8.55.

The company blamed the earnings decline largely on the company's heavy reliance on exports, which accounted for about 70 per cent of its overall

business in the latest year.

As in recent years, it said, the continued strength of the yen made Mazda vehicles less competitive in overseas markets by forcing up prices and restraining sales.

During the year, car sales totalled 1941,350, an increase of 1.1 per cent, while commercial vehicle sales tumbled 11.6 per cent to 128,350. In volume terms, car sales gained 14.4 per cent to almost 1,08m vehicles, while commercial vehicle sales totalled 469,363 units, down 9.6 per cent.

Mazda made no projections for the current year.

## Western Mining in bid

By OUR FINANCIAL STAFF

WESTERN MINING, the Australian gold and mineral producer, continued a push for North American assets yesterday with a \$100m (US\$72.7m) bid for Grandview Resources, a gold mining company which would become its third such purchase there in the last week.

Grandview, for which Western Mining is offering C\$9.55 a share, operates a mine in southern California.

Western Mining said its initial 3.5 per cent of Grandview would be augmented through an agreement already received from Grandview directors and four European financial institutions to sell their combined 21 per

cent holding. It is seeking at least 51 per cent in all.

On Monday, the Australian company agreed to pay C\$160m for Northern Mines and said it would bid for the associated Norbeu Mines.

Last week it also offered A\$92m (US\$65.6m) for Seabright Resources.

● Bell Resources, Mr Robert Holmes a Court's energy investment vehicle, yesterday put an A\$56m figure on the loss it incurred from the sale on Monday of its remaining 5 per cent stake in Texaco of the US. This was before the sale and minority interests, it added.

New Issue  
This announcement appears as a matter of record only.  
December 21, 1987

### EAC

#### The East Asiatic Company Ltd. A/S

(A/S Det Østasiatiske Kompagni)  
Copenhagen, Denmark

DM 150,000,000  
5 7/8% Deutsche Mark Bearer Bonds of 1987/1992

Issue Price: 100%; Interest: 5 7/8% p.a., payable annually in arrears on December 21 - Final Maturity: December 21, 1992 - Denomination: DM 1,000 and DM 10,000 - Security: Negative Pledge Undertaking - Listing: Frankfurt Stock Exchange

BANK BRUSSEL LAMBERT N.V.	BANQUE PARIBAS CAPITAL MARKETS GMBH	BARRING BROTHERS & CO., LIMITED
BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT	CREDIT LYONNAIS SA & CO (DEUTSCHLAND) OHG	CSFB-EFFECTENBANK
DEN DANSKE BANK	DRESDNER BANK AKTIENGESELLSCHAFT	GENERALE BANK
LTCS INTERNATIONAL LIMITED	MANUFACTURERS HANOVER LIMITED	MORGAN STANLEY GMBH
NOMURA EUROPE GMBH	SCHWEIZERISCHER BANKVEREIN (DEUTSCHLAND) AG	SOCIETE GENERALE - ELSAESSISCHE BANK & CO.
S.G. WARBURG SECURITIES	WESTDEUTSCHE LANDESBANK GROZENTRALE	YAMAICHI INTERNATIONAL (DEUTSCHLAND) GMBH
BANQUE INTERNATIONALE A LUXEMBOURG S.A.	BAYERISCHE LANDESBANK GROZENTRALE	BNF-BANK
COPENHAGEN HANDELSBANK A/S	DEN NORSKE CREDITBANK GROUP	PRIVATBANKEN A/S
SANWA INTERNATIONAL LIMITED		

SPAIN  
The Financial Times proposes to publish this survey on MONDAY 18TH JANUARY 1988. For further information please contact:  
Mr Luis Andrade  
Ponzano 72-2C  
28003 Madrid  
Spain  
Tel: 452 2778  
Mr Robert Leach  
Financial Times  
Bracken House  
10 Cannon Street  
London  
EC4A 3DF  
Tel: 01-248 8000

Legal Notices  
MEP-WILCO LIMITED  
(IN RECEIVERSHIP)  
John Martin holds a Court Order, Phoenix House, 25 Abchurch Lane, London EC4N 3DF, for appointment as Receiver of MEP-WILCO LIMITED  
(Registered No. 1374119)  
by Barclays Bank PLC  
on 10 December 1987

Citicorp Finance PLC  
£150,000,000  
Guaranteed Floating Rate Notes Due December 1997  
Unconditionally Guaranteed by CITICORP  
Notice is hereby given that the Rate of Interest has been fixed at 9.1% and that the interest payable on the relevant interest Payment Date, March 21, 1988 against Coupon No. 9 in respect of £10,000 nominal of the Notes will be £226.26.  
December 22, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

MERCURY SELECTED TRUST (SICAV)  
10 boulevard Roosevelt  
Boite Postale 408  
L-2014 Luxembourg

#### PAYMENT OF INTERIM DIVIDEND

Notice is hereby given to Shareholders that, following a resolution of Directors of the Company, interim dividends for the year 1987 of US\$1.50 per share for the Global Fund, and US\$0.40 per share for the Yen Global Bond Fund have been declared.

These dividends will be paid on the 30th December, 1987 to registered Shareholders of the respective Funds who are on the register at 22nd December, 1987.

These dividends will be paid from 30th December, 1987 to Bearer Shareholders of the respective Funds against presentation of Coupon No. 3, at any of the Company's Paying Agents including its Paying Agent in the United Kingdom:

S. G. WARBURG & CO. LTD.  
Paying Agency  
6th Floor  
1 Finsbury Avenue  
LONDON EC2M 2BA

from whom claim forms can be obtained. United Kingdom tax will be deducted from claims in the United Kingdom at the rate of 27 per cent, unless claims are accompanied by an affidavit.

Interim dividends will not be paid on the remaining Funds.

23rd December, 1987 MERCURY SELECTED TRUST

Eni International Bank Limited  
U.S. \$200,000,000  
Guaranteed Floating Rate Notes due 1993  
Unconditionally and irrevocably guaranteed by Ente Nazionale Idrocarburi  
In accordance with the terms and conditions of the Notes, the rate of interest for the interest period December 23, 1987 to March 23, 1988 has been fixed at 7 7/8% per annum. Interest payable on March 23, 1988 will be US\$200.64 per Note of US\$10,000.  
Agent  
Morgan Guaranty Trust Company of New York  
London Branch

Scandinavian Finance B.V.  
(Incorporated in the Netherlands with limited liability)  
U.S. \$70,000,000  
Floating Rate Serial Notes due December 1993  
Guaranteed on a subordinated basis by Scandinavian Bank Group plc  
(Incorporated in England with limited liability)  
For the six months  
23rd December, 1987 to 23rd June, 1988  
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 8 1/4% per cent and that the interest payable on the relevant interest payment date, 23rd June, 1988 against Coupon No. 9 will be US\$409.84 per Note.  
Agent Bank:  
Morgan Guaranty Trust Company of New York  
London

NOTICE OF REDEMPTION  
CAMBRIAN & GENERAL SECURITIES p.l.c.  
U.S. \$50,000,000  
SECURED FLOATING RATE NOTES DUE 1992  
NOTICE IS HEREBY GIVEN that pursuant to Condition 5(b) of the Notes Cambrian & General Securities p.l.c. has elected to redeem on January 29, 1988 (the "Redemption Date") all of its outstanding Floating Rate Notes due 1992 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.  
The Notes should be presented and surrendered to the paying agent as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to said date.  
Coupons due January 29, 1988 should be detached and presented for payment in the usual manner.  
December 23, 1987  
By: Citibank, N.A. (CSSI Dept.)  
London Principal Paying Agent CITIBANK

Banca Nazionale dell'Agricoltura S.p.A.  
(Incorporated with limited liability in the Republic of Italy)  
London Branch  
(a licensed deposit-taker)  
ECU 200,000,000  
Floating Rate  
Depositary Receipts due 1993  
Notice is hereby given that the rate of interest has been fixed at 7 1/8% for the interest period 21st December, 1987 to 21st June, 1988. The interest amount payable on 21st June, 1988 will be ECU 371.72 in respect of each receipt for ECU 10,000 and will be ECU 185.86 in respect of each receipt for ECU 5,000.  
Agent Bank:  
Citibank, N.A. (CSSI Dept.)  
23rd December, 1987

THE REPUBLIC OF TRINIDAD AND TOBAGO  
U.S. \$50,000,000  
Floating Rate Notes due 1990  
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 8 1/4% per annum. The Coupon Amount of US\$416.20 will be payable on 24th June 1988 against surrender of Coupon No. 10.  
Manufacturers Hanover Limited  
23rd December, 1987

U.S. \$200,000,000  
Hydro-Québec  
Floating Rate Notes, Series FY,  
Due July 2002  
Interest Period 21st July 1987  
21st January 1988  
Interest Amount per U.S.\$10,000 Note due 21st January 1988 U.S.\$401.09  
Credit Suisse First Boston Limited  
Agent Bank

## INTERNATIONAL CAPITAL MARKETS &amp; COMPANIES

## Dollar bond prices slip as dealing volume slows

BY CLARE PEARSON

"I SUPPOSE prices are a point easier for choice but I haven't written a ticket all day," said one dealer in Eurodollar bonds yesterday.

Market makers are taking seriously the relaxation by the Association of International Bond Dealers, the Eurobond secondary market body, which means they do not have to make prices to each other for the two-week Christmas and New Year period. Dealing was at a low ebb last week but has now ground to a halt.

One salesman said yesterday the determination of market makers to shut down early for Christmas had been unfortunate for Eurobond investors. It meant they had missed out on the benefits of the recent rally in US Treasury bonds.

Any investor buying Eurodollar bonds in size last week would have had great difficulty liquidating his holding this week, he said.

Where changed, Eurodollar bond prices were marked slightly easier to maintain yield relationships with US Treasury bonds, which trended lower in response to a higher oil price.

Euroyen bonds were also becalmed, although dealers noted higher-yielding Japanese government bonds were in strong demand from domestic Japanese investors.

When activity picks up in the New Year, dealers are expecting investors to extend maturities slightly to take advantage of the steepening yield curve.

They have bought mainly

BARCLAYS has issued a \$400m 30-year bond in the US domestic market, taking advantage of proposed changes in bank capital requirements which would allow subordinated fixed term bonds as primary capital.

The change is included in new guidelines issued by the Bank for International Settlements earlier this month, and is expected to be recognised by the Bank of England.

The 10% per cent bond, issued by Barclays North American Capital Corporation, was priced at \$9.558 to give a 10.17 per cent yield. This was 157 basis points higher than that on the 30-year US Treasury bond at the time of pricing in New York on Monday.

Barclays has the opportunity to borrow a further \$400m in the US domestic bond market over the next two years under a shelf registration filed last month.

In November, the bank raised \$250m in the Eurosterling market.

short-dated Euroyen paper recently because of the flatness of the yield curve. But now there is a 4 percentage point differential between yields of five and seven years.

Prices of domestic D-Mark bonds rose by about 35 basis

points, although some rose by nearly 1/2 point. A few dealers reported quite strong turnover but others said the market was subdued overall.

The Bundesbank announced a short, 13-day repurchase agreement at a rate of 3% per cent. Dealers expect the Bundesbank to replace most of the DM7.5bn it is draining from the market this week.

Details of a new federal government bond are due to be announced next Tuesday. It is expected to be a DM4bn 10-year bond with a coupon of 6% per cent.

In the D-Mark Eurobonds prices rose by about 20 basis points and a little buying interest from investors. A 6% per cent 10-year issue for the World Bank was fixed at 100.05, against a 99% issue price.

Turnover in the Swiss franc foreign bond market continued active. Prices ended the day narrowly mixed.

As expected, Wirschafts-und Privatbank announced a \$570m 10-year 4% per cent bond for Bayerische Vereinsbank Overseas Finance. It was bid in the grey market at less than its 100% issue price, and was said to be meeting good demand considering the time of year.

A \$750m 4% per cent 10-year bond for Prudential Finance, guaranteed by the UK insurance company and with a triple-A rating, traded for the first time. The par-priced bond opened at 99 1/2, but its last trade on the Zurich stock exchange was at 99 1/4.

## Manny Hanny may cut staff by 10%

By Roderick Oram in New York

THE EXTENSIVE round of staff cuts at New York's financial institutions is deepening amid reports that Manufacturers Hanover, the country's sixth largest bank, is planning to fire nearly 10 per cent of its employees.

Although the bank holding company declined to comment officially, executives in Manny Hanny and its competitors said Mr John McGinnis, the company's chairman, has ordered management to identify 2,500 jobs which would be cut by March. It has already laid off 2,000 employees over the past year.

Banks are trying to cut their overheads to bolster their sagging profits in the wake of declining loan demand, huge write-offs of Third World debts and an uncertain economic outlook following the October's stock market crash.

Manny Hanny reported a \$1.16bn loss for the first nine months of this year, reflecting a \$1.7bn increase in loan-loss reserves for Brazilian debts. Efforts to improve its balance sheet so far this year have included a \$760m share repurchase and a recovery of \$55m from its pension fund.

Some of the optimism the bank expressed during the autumn about a pick-up in earnings next year appears to have faded in recent months.

Major banks in New York and other cities which have recently announced staff cuts include Chase Manhattan, Citicorp, First Interstate and Mellon. Citicorp is planning a modest trimming of 1,000 from its 100,000 strong workforce but analysts are expecting it will make deeper cuts.

Wall Street firms have been at the forefront of lay-offs in the financial sector, with more than 10,000 cuts announced since the market crash. Analysts are expecting some banks to drop marginally profitable lines of business and also an accelerating trend towards banks charging for services such as automated teller machines which have traditionally been free.

## NY admits three primary dealers

BY JANET BUSH IN NEW YORK

THREE NEW brokerage houses - one US, one British and one Japanese - were yesterday admitted to the US Treasury bond market to operate as primary dealers, bringing the total of market makers to 43.

The three new primary dealers have been awarded to CRT Government Securities, a subsidiary of Chicago Research and Trading Group, Lloyds Government Securities, the securities trading arm of Lloyds Bank and Nikko Securities International, a subsidiary of Nikko Securities of Tokyo.

Earlier this year, Lloyds Bank decided to pull out of market-making in UK Government bonds, the first casualty of highly competitive conditions in the gilt-edged market after the

deregulation of the market in October, 1986.

Meanwhile, Brophy, Gestal, Knight & Co, an existing US-owned primary dealer, yesterday announced it had reached an agreement in principle for Japan's Sanwa Bank to take a substantial majority stake in the company. The take-over would become effective sometime early next year subject to the normal regulatory approval. Financial terms for the deal were not disclosed.

The Federal Bank of New York yesterday said another US-owned primary dealer was negotiating to be taken over by a Japanese bank. The two companies involved are believed to be Greenwich Capital Markets and

the Long-Term Credit Bank of Japan.

The New York Fed also announced yesterday E F Hutton would formally cease being a primary dealer in government securities on January 6, following its merger with Shearson Lehman which is also a primary dealer, leaving 42 market makers.

The admittance of these new primary dealers, including Nikko, comes just a week after the Tokyo Stock Exchange said it would admit 16 foreign institutions as members, including six US houses.

Mr Gerald Corrigan, President of the New York Fed, yesterday specifically linked its latest decisions to increased access for US houses to the Tokyo Stock

Exchange and the Japanese bond market. He also cited progress towards an internationally consistent approach for bank capital standards, reflected in an international agreement earlier this month.

Mr Corrigan said the increased international character of the primary dealer group reflected the growing importance of international investor capital flows in the market. In an apparent attempt to quantify the Fed's approach against criticisms in sections of Congress, Mr Corrigan added the Bank had some reservations about developing an undue reliance or concentration on foreign participation in the market. He added, however, that the Fed did not have strict limits in mind.

## Worlds of Wonder files for Chapter 11 help

BY LOUISE KENNE IN SAN FRANCISCO

WORLDS OF WONDER, the financially-troubled California toy maker, has filed for protection from its creditors under Chapter 11 of the US bankruptcy code.

The filing will enable the company to continue operating its business while it tries to work out a reorganisation plan acceptable to suppliers and other creditors.

The once high-flying toy company, which boasted the fastest two-year growth of any US manufacturing start-up, has been under mounting pressure from creditors and shareholder suits since it announced heavy losses for the quarter ending September 30.

Only a year ago, WOW was

riding a wave of success as the fastest-growing toy company in the US, with first-year sales of \$93.1m. The company went public 18 months ago at \$18, and its stock price reached a high of \$28 in June 1986. Yesterday, however, WOW was trading at \$3.

The company's problems began earlier this year when sales of its best known toy, Teddy Ruxpin, a talking teddy bear slumped. Earlier this month, the company helped to establish a creditors committee and laid off almost half of its 400 workers.

Creditors include Hong Kong toy manufacturers and US semiconductor suppliers. The Chapter 11 filing lists assets of \$313.6m and liabilities of \$312m.

## Canada to ease trust and loan sector rules

BY DAVID OWEN IN TORONTO

THE CANADIAN Government has pressed on with its reform of financial services industry regulations by releasing draft legislation designed to grant broader powers to domestic trust and loan companies.

The bill is the first of a series of new measures governing banks, insurance companies and consumer credit associations which are to be presented in draft form in coming months.

Under the proposals, trust and loan companies will be accorded the right to own (and be owned by) other financial institutions, including banks, insurance companies and investment dealers. In addition, they will be accorded full consumer lending powers.

Those with capital in excess of C\$25m (US\$19.1m), meanwhile, will also be permitted to make commercial loans with no portfolio limit. Currently, trust and loan companies in Canada must keep their total consumer and commercial loans to 7 per cent of assets.

Trust and loan companies will also be permitted to sell the products of other financial institutions through their own branch networks.

In a bid to avoid potential conflict of interest problems posed by the ownership of trust companies by commercial institutions and to protect consumers, the Government has imposed various ownership stipulations.

## Republic of Venezuela plans large issues

BY JO MANN IN CARACAS

REPUBLIC OF VENEZUELA plans to launch a series of international bond issues over the next year or so totalling several hundred million dollars according to a government official.

The Venezuelan government expects to place the first issue, for \$100m - on the Eurodollar market early next year. Agents for the placement will be Morgan Guaranty and Banco de Venezuela, a private sector commercial bank based in Caracas. The Eurodollar bond issue will be followed by other issues in D-Marks and dollars, the official said.

Venezuela has not raised money through an international bond issue for several years. The current government planned to

launch a \$100m issue in 1986, but the deal never got off the ground. Venezuelan officials dragged their feet in approving terms proposed by Morgan, according to reports, and the offering was not made due to changes in the bond market.

Venezuela, which suffered a general restriction on overseas credits after a major devaluation of its currency in early 1983, has begun to obtain substantial new loans this year from international financial institutions.

A Finance Ministry official said that the Government contracted \$365m in new credits from overseas during 1987, mainly in the form of financing for projects such as the Caracas

Metro, aluminium, steel and hydroelectric power. New credits coming mainly from Japan and Europe, rather than from the US, Venezuela's traditional source of overseas loans.

Japan's Export-Import Bank recently approved \$365m in credits for projects in hydroelectric power and bauxite mining, while banks in western Europe - by government export guarantees - are providing large sums for expansions of Venezuelan aluminium and steel plants.

The Venezuelan government has played down suggestions that it was planning to buy part of its \$25.5bn foreign debt through the roof, making the deal unattractive.

while acknowledging that it had studied the possibility, said a large purchase of this type is unlikely for now.

Bankers in Caracas have speculated that the government of the South American republic, with foreign reserves estimated at \$11bn to \$12bn, would try to purchase some of its own foreign debt on the open market, especially since the price "went through the roof" in recent months has fallen to as low as 50 per cent of face value.

However, the official said when the Government tried recently to obtain a relatively small amount of its debt through an intermediary, the price "went through the roof", making the deal unattractive.

## Skandia takes insurance stake

By Ole Vitanen in Helsinki

SKANDIA, Sweden's largest insurance group, is to acquire a minority share in Pohjola, Finland's biggest insurer, rescuing Pohjola's newly acquired 10 per cent holding in Skandia.

According to Mr Pentti Talo, Skandia chairman, the shares will probably be sold by Skandia-Salonta, a fully owned Pohjola subsidiary which owns 26 per cent of the group's shares. Pohjola and Kansallis-Osake-Pankki (KOP), one of Finland's two leading banks, bought a total of 16.5 per cent of Skandia

## Moody's threatens to lower Elf debt rating

BY GEORGE GRAHAM IN PARIS

MOODY'S, the US credit rating agency, has threatened to downgrade its evaluation of the French oil company Elf Aquitaine as a result of the bid by Sanofi, Elf's pharmaceutical subsidiary, for the bankrupt US drug company A.H. Robins.

The US agency said it had placed Elf's A1 debt rating as well as the Prime-1 rating on its commercial paper programme under review for a possible downgrade. It wants to look closely at the backing Elf will

have to give the bid by Sanofi, in which it owns 60 per cent.

Observers have been worried about the guarantee Sanofi would have to provide for the \$2.48bn trust fund Robins must set up to meet the legal claims over its Dalkon Shield contraceptive device.

Details of the bid, which will be submitted on December 28 alongside a rival offer from the Rorer group to the judge handling A.H. Robins's bankruptcy, have not yet been revealed.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is no adequate secondary market.

US DOLLAR	Amount	Rate	Term	Yield
Aluminum 7 1/2%	200	10 1/2%	10/88	10.60
Aluminum 8 1/2%	200	10 1/2%	10/88	10.60
Aluminum 9 1/2%	200	10 1/2%	10/88	10.60
Aluminum 10 1/2%	200	10 1/2%	10/88	10.60
Aluminum 11 1/2%	200	10 1/2%	10/88	10.60
Aluminum 12 1/2%	200	10 1/2%	10/88	10.60
Aluminum 13 1/2%	200	10 1/2%	10/88	10.60
Aluminum 14 1/2%	200	10 1/2%	10/88	10.60
Aluminum 15 1/2%	200	10 1/2%	10/88	10.60
Aluminum 16 1/2%	200	10 1/2%	10/88	10.60
Aluminum 17 1/2%	200	10 1/2%	10/88	10.60
Aluminum 18 1/2%	200	10 1/2%	10/88	10.60
Aluminum 19 1/2%	200	10 1/2%	10/88	10.60
Aluminum 20 1/2%	200	10 1/2%	10/88	10.60
Aluminum 21 1/2%	200	10 1/2%	10/88	10.60
Aluminum 22 1/2%	200	10 1/2%	10/88	10.60
Aluminum 23 1/2%	200	10 1/2%	10/88	10.60
Aluminum 24 1/2%	200	10 1/2%	10/88	10.60
Aluminum 25 1/2%	200	10 1/2%	10/88	10.60
Aluminum 26 1/2%	200	10 1/2%	10/88	10.60
Aluminum 27 1/2%	200	10 1/2%	10/88	10.60
Aluminum 28 1/2%	200	10 1/2%	10/88	10.60
Aluminum 29 1/2%	200	10 1/2%	10/88	10.60
Aluminum 30 1/2%	200	10 1/2%	10/88	10.60
Aluminum 31 1/2%	200	10 1/2%	10/88	10.60
Aluminum 32 1/2%	200	10 1/2%	10/88	10.60
Aluminum 33 1/2%	200	10 1/2%	10/88	10.60
Aluminum 34 1/2%	200	10 1/2%	10/88	10.60
Aluminum 35 1/2%	200	10 1/2%	10/88	10.60
Aluminum 36 1/2%	200	10 1/2%	10/88	10.60
Aluminum 37 1/2%	200	10 1/2%	10/88	10.60
Aluminum 38 1/2%	200	10 1/2%	10/88	10.60
Aluminum 39 1/2%	200	10 1/2%	10/88	10.60
Aluminum 40 1/2%	200	10 1/2%	10/88	10.60
Aluminum 41 1/2%	200	10 1/2%	10/88	10.60
Aluminum 42 1/2%	200	10 1/2%	10/88	10.60
Aluminum 43 1/2%	200	10 1/2%	10/88	10.60
Aluminum 44 1/2%	200	10 1/2%	10/88	10.60
Aluminum 45 1/2%	200	10 1/2%	10/88	10.60
Aluminum 46 1/2%	200	10 1/2%	10/88	10.60
Aluminum 47 1/2%	200	10 1/2%	10/88	10.60
Aluminum 48 1/2%	200	10 1/2%	10/88	10.60
Aluminum 49 1/2%	200	10 1/2%	10/88	10.60
Aluminum 50 1/2%	200	10 1/2%	10/88	10.60
Aluminum 51 1/2%	200	10 1/2%	10/88	10.60
Aluminum 52 1/2%	200	10 1/2%	10/88	10.60
Aluminum 53 1/2%	200	10 1/2%	10/88	10.60
Aluminum 54 1/2%	200	10 1/2%	10/88	10.60
Aluminum 55 1/2%	200	10 1/2%	10/88	10.60
Aluminum 56 1/2%	200	10 1/2%	10/88	10.60
Aluminum 57 1/2%	200	10 1/2%	10/88	10.60
Aluminum 58 1/2%	200	10 1/2%	10/88	10.60
Aluminum 59 1/2%	200	10 1/2%	10/88	10.60
Aluminum 60 1/2%	200	10 1/2%	10/88	10.60
Aluminum 61 1/2%	200	10 1/2%	10/88	10.60
Aluminum 62 1/2%	200	10 1/2%	10/88	10.60
Aluminum 63 1/2%	200	10 1/2%	10/88	10.60
Aluminum 64 1/2%	200	10 1/2%	10/88	10.60
Aluminum 65 1/2%	200	10 1/2%	10/88	10.60
Aluminum 66 1/2%	200	10 1/2%	10/88	10.60
Aluminum 67 1/2%	200	10 1/2%	10/88	10.60
Aluminum 68 1/2%	200	10 1/2%	10/88	10.60
Aluminum 69 1/2%	200	10 1/2%	10/88	10.60
Aluminum 70 1/2%	200	10 1/2%	10/88	10.60
Aluminum 71 1/2%	200	10 1/2%	10/88	10.60
Aluminum 72 1/2%	200	10 1/2%	10/88	10.60
Aluminum 73 1/2%	200	10 1/2%	10/88	10.60
Aluminum 74 1/2%	200	10 1/2%	10/88	10.60
Aluminum 75 1/2%	200	10 1/2%	10/88	10.60
Aluminum 76 1/2%	200	10 1/2%	10/88	10.60
Aluminum 77 1/2%	200	10 1/2%	10/88	10.60
Aluminum 78 1/2%	200	10 1/2%	10/88	10.60
Aluminum 79 1/2%	200	10 1/2%	10/88	10.60
Aluminum 80 1/2%	200	10 1/2%	10/88	10.60
Aluminum 81 1/2%	200	10 1/2%	10/88	10.60
Aluminum 82 1/2%	200	10 1/2%	10/88	10.60
Aluminum 83 1/2%	200	10 1/2%	10/88	10.60
Aluminum 84 1/2%	200	10 1/2%	10/88	10.60
Aluminum 85 1/2%	200	10 1/2%	10/88	10.60
Aluminum 86 1/2%	200	10 1/2%	10/88	10.60
Aluminum 87 1/2%	200	10 1/2%	10/88	10.60
Aluminum 88 1/2%	200	10 1/2%	10/88	10.60
Aluminum 89 1/2%	200	10 1/2%	10/88	10.60
Aluminum 90 1/2%	200	10 1/2%	10/88	10.60
Aluminum 91 1/2%	200	10 1/2%	10/88	10.60
Aluminum 92 1/2%	200	10 1/2%	10/88	10.60
Aluminum 93 1/2%	200	10 1/2%	10/88	10.60
Aluminum 94 1/2%	200	10 1/2%	10/88	10.60
Aluminum 95 1/2%	200	10 1/2%	10/88	10.60
Aluminum 96 1/2%	200	10 1/2%	10/88	10.60
Aluminum 97 1/2%	200	10 1/2%	10/88	10.60
Aluminum 98 1/2%	200	10 1/2%	10/88	10.60
Aluminum 99 1/2%	200	10 1/2%	10/88	10.60
Aluminum 100 1/2%	200	10 1/2%	10/88	10.60

Offering prices on December 22

US DOLLAR	Amount	Rate	Term	Yield
Aluminum 7 1/2%	200	10 1/2%	10/88	10.60
Aluminum 8 1/2%	200	10 1/2%	10/88	10.60
Aluminum 9 1/2%	200	10 1/2%	10/88	10.60
Aluminum 10 1/2%	200	10 1/2%	10/88	10.60
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Aluminum 14 1/2%	200	10 1/2%	10/88	10.60
Aluminum 15 1/2%	200	10 1/2%	10/88	10.60
Aluminum 16 1/2%	200	10 1/2%	10/88	10.60
Aluminum 17 1/2%	200	10 1/2%	10/88	10.60
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Aluminum 20 1/2%	200	10 1/2%	10/88	10.60
Aluminum 21 1/2%	200	10 1/2%	10/88	10.60
Aluminum 22 1/2%	200	10 1/2%	10/88	10.60
Aluminum 23 1/2%	200	10 1/2%	10/88	10.60
Aluminum 24 1/2%	200	10 1/2%	10/88	10.60
Aluminum 25 1/2%	200	10 1/2%	10/88	10.60
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Aluminum 29 1/2%	200	10 1/2%	10/88	10.60
Aluminum 30 1/2%	200	10 1/2%	10/88	10.60
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Aluminum 33 1/2%	200	10 1/2%	10/88	10.60
Aluminum 34 1/2%	200	10 1/2%	10/88	10.60
Aluminum 35 1/2%	200	10 1/2%	10/88	10.60
Aluminum 36 1/2%	200	10 1/2%	10/88	10.60
Aluminum 37 1/2%	200	10 1/2%	10/88	10.60

# Ma Bell's Christmas gift to mankind

David Fishlock commemorates the 40th birthday of transistors, the most pervasive invention since the wheel

FOUR DECADES ago today, on December 23, 1947, three scientists on Murray Hill south of New York first demonstrated the "transistor effect" so named because it transferred a signal across an electrical resistor.

The transistor is probably the most pervasive invention since the wheel; an indispensable part of all aspects of life, at least in the developed world. The ubiquitous chip, the minuscule engine driven by the transistor, has created an industry with sales forecast at \$32bn this year.

Bell Labs' employer, Bell Telephone Laboratories - then as now one of the world's great centres of engineering physics - knew full well what an important invention the transistor would prove to be. For it had set out in pursuit of the technology, knowing it was coming up against limits on reliability with the vacuum tube (thermionic valve), the basis of all electronics in those days.

Bell Labs was expert in the large, complex systems from POTS, the plain old telephone system, to submarine detection and the embryonic electronic computer. All depended on the vacuum tube amplifier and Bell was aware that reliability of this amplifier would eventually limit the power of all such systems simply because at any one time too many valves would have "blown".

The rest of the world was slower to catch on to the significance of the "solid state" as the transistor became known. Despite publicity efforts which included a man-size model of a transistor, the world largely ignored the invention initially. At the labs, now renamed AT&T Bell Laboratories but still headquartered on Murray Hill, they joke wryly about how even the New York Times buried the story in a few brief sentences at the back of the paper.

Like Lee de Forest's triode (1909), the transistor is a valve which controls the flow of electrons. In principle, the transistor had clear advantages. It was a solid-state effect, needing no vacuum and no heater to get electrons flowing. Indeed no discrete parts. Everything happened inside a chip of crystal.

John Bardeen, Walter Brattain and William Shockley, set by Bell Labs to find an alternative to the triode, demon-



Left to right: William Shockley, Walter Brattain and John Bardeen, in 1948, shortly after they invented the transistor

strated the transistor effect in a highly refined crystal of germanium, a gem-like "semiconductor" with properties midway between metals and insulators.

It was a fortuitous observation, for it began with a slight accident as Brattain prepared his experiment. As a result he altered conditions slightly and was astonished to find the current flowing the wrong way.

Very quickly his two collaborators were able to explain what was happening. In today's parlance, Brattain had contrived accidentally to inject "holes" into his germanium crystal - and hence to draw a flow of electrons (current) out.

It took the trio just days to make an amplifier and by December 28 they staged their first telephone demonstration of the transistor effect. Next day Brattain wrote in his lab notebook: "The circuit was actually spoken over and by switching the device in and out a distinct gain in speech level could be heard and seen on the scope presentation with no noticeable change in quality".

Purity - precisely what and where the impurities were in the crystal - severely hampered development of the transistor. It was nearly four years

before Western Electric, then AT&T's manufacturing arm, got the transistor into production, and another year before the company began to use it in telephony.

Outside of communications, transistors first appeared in hearing aids in 1953 because AT&T granted Raytheon a royalty-free licence for this biomedical use. But the transistor hearing aids were three or four times as costly. The transistor itself cost \$9 - eight times the going rate for a valve.

The first transistor radio, the Regency, appeared in 1954, product of a joint venture between Texas Instruments and the IDEA Corporation. Commercially it was a failure - costing in today's money over \$200.

Slowly the electronics industry learned the characteristics of germanium, and the importance not only of purity but crystal perfection. Then silicon appeared to be less troublesome, and scientists set about characterising this much more commonplace substance. Today silicon towers over all other transistor materials and is without doubt the most exhaustively characterised engineering material the world has ever known.

In 1952, a British defence scientist, Geoffrey Dummer, with the (then) Royal Radar Establishment, in an address in Washington speculated on making entire electronic circuits from semiconducting crystals: "With the advent of the transistor and the work in semiconductors generally, it now seems possible to envisage electronic equipment in a solid block with no connecting wires."

Dummer foresaw layers of insulating, conducting, rectifying and amplifying materials, and electrical functions interconnected directly "by cutting out areas of the various layers."

Seven years later Jack Kilby of Texas Instruments secured a US patent on such a monolithic circuit, made of silicon. The world's first silicon chip - "Solid Circuit" - the company called it - made its debut in New York early in 1959. "It wasn't a sensation", Kilby recalled later. Its critics foresaw far more problems than advantages - for example, that silicon would be a poor compromise for some electrical functions such as resistance.

The companies that then dominated the business for discrete electronic components - Westinghouse Electric and Syl-

vania, for instance - tended to ignore the silicon chip, leaving the field for upstarts such as Texas Instruments and Fairchild. These entrepreneurs developed the novel multi-disciplinary manufacturing technologies needed to mass-produce micro-electronics.

Bell Labs, however, continued to build upon its seminal invention. One assessment after the first 30 years gave its scientists credit for 12 of the 18 milestones in micro-electronics. They included the avalanche diode (1964), magnetic bubble memories (1967), charge-coupled devices (1969), and semiconductor lasers (1970).

In 1978, Bell Labs claimed its selectively-doped hetero-structure transistors set a world record by switching on and off in 5.8 pico-seconds (a pico-second is 0.001 billionth of a second).

Only last year it announced two more major inventions. One is its photonic switching chip, which may become the key component of an optical computer, switching light on and off as easily as a transistor switches electrons. The other is the "neural network", a silicon chip which mimics the way some brain cells retrieve information and solve problems.

Bell Labs has also made a transistor only a millionth of an inch across. What became of the original transistor trio? All three remained in research. They shared the Nobel Prize for physics in 1956. Brattain, after 38 years with Bell Labs, retired in 1967, and died in October of this year, aged 86.

British-born Shockley set up his own transistor research laboratory in 1965, and later became engrossed in more sociological studies as a Stanford University professor.

John Bardeen became the only scientist ever to win two Nobel prizes in the same field of science when he won a second physics prize in 1972 for his theory of superconductivity.

Under company rules, all three had assigned their transistor patents to AT&T for \$1 apiece. In 1956, under an anti-trust consent decree, Ma Bell waived all further rights to her remarkable invention.

"Three degrees above zero," by Jeremy Bernstein, Scribner, 1984.  
"The chip," by T.R. Reid, Simon and Schuster, 1984

## WORTH WATCHING

Edited by Geoffrey Charlsh

### Heating elements go into print

A CHEAPER method of producing heating elements for industrial or consumer products, by printing them on a heat-resistant, paper-thin plastic sheet, has been developed by Neatfast of Henley-on-Thames in the UK.

The product uses an electrically conducting ink which is screen printed on to polyester film, allowing operation up to 100 deg C. The ink can be used to 150 deg C on a more heat resistant substrate.

Elements from postage stamp to wall poster size are feasible and can be designed to give temperature rises from a few degrees C upwards.

There are no shape limitations and heaters can be designed with varying track widths to give more heat in specific areas. The tracks are broad giving good heat dissipation and any damage they sustain is unlikely to break the circuit.

### Plumbers quickly make the connection

JOHN GUEST of West Drayton, near London, has developed pipe fittings that allow plumbing connections to be made "in seconds" and without tools.

The pipes are simply pushed into each side of a special connecting collar (gripping ring) for a secure, leak-proof connection to be made immediately.

Disconnection of a pipe is just as easily made by pushing the inner member of the collar inwards and pulling the pipe out.

### Toshiba focuses on Western conferences

TOSHIBA, the Japanese electronics group, is set to attack the videoconference equipment market in the West with a new codec (coder-decoder) and office-studio camera and display systems.

The company claims that its new DT640 codec offers the widest range of digital transmission rates available, from 32,000 bits per second to 1.5 megabits (millions of bits) per second.

Thus, the codec can make the most of available digital telecommunication lines, using the low speeds where picture quality is not vital and the highest speeds when it is.

Codecs are devices which can remove "redundant" information from any of the 50 TV frames which are generated each second by a camera.

For example, any still object appearing in two consecutive frames would be ignored in the second, so that the bits needed to define it need not be sent again.

This reduces the bit rate, but at lower rates these techniques tend to "smear" movement. They also take time to perform, so that sound/vision synchronisation can suffer - a problem which Toshiba has overcome in the new codec by delaying the audio to match the video.

### Dowty screens direct facsimiles

FACSIMILE TRANSMISSIONS can be made straight out of an IBM personal computer (XT/AT or compatible machine) into a telephone line, using a circuit board and software addition to the computer offered by Dowty Information Systems in the UK.

Called Microfax, the package will allow text and graphics to be sent without the need to print them and scan them in a conventional facsimile machine.

The Dowty development means that any material generated on the computer, from spread-sheets to word processing, can be sent immediately to any group three fax machine.

Conversely, material can be received and incorporated directly into the task at hand on the PC.

## HepuOrth



Clay drainage. Anything else is unnatural.

istel holds key to worldwide databank

NEARLY 1,000 databases around the world can be easily interrogated using a new on-line information service called Infosearch. This has been launched by Istel, the UK data network specialist of Redditch.

Many kinds of screen and keyboard hardware can be used, suitably equipped with phone line communications facilities. The start-up fee is £100 per user, and each gets the necessary manual and initial help on systems operation. After that, the cost is £10 per successful access.

The Infosearch system software takes care of all the command languages that the user would normally need to know in order to interrogate any specific database.

### Philips has its eye on document storage

PHILIPS OF The Netherlands has fired a shot at Kodak, Agfa and other companies with microfilm interests, by offering its optical disc document storage system in a basic form at only \$69,000.

Companies that must keep replicas of original documents, instead of putting them on microfilm can scan them electronically and put the digital facsimile on to a Megadoc optical disc.

Any document can then be retrieved in a second or two. The alternative, with microfilm, is computer-aided retrieval (CAR), which is somewhat slower.

The new Megadoc system includes a document scanner, an image printer and an optical disc drive with associated computer. All but the printer will fit on or under an office desk.

Also provided is software to index and cross reference stored material.

CONTACTS: Neatfast: UK, 0441 841818, John Guest: UK, 0800 441281, Toshiba: Tokyo, 497 3104, London: UK, 0800 128100, Infosearch: UK, 0527 62574, Philips Business Systems: UK, 0208 770118.

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Plant and labor products  
Mannesmann Research  
Construction, technology







## COMMODITIES AND AGRICULTURE

## Dispute adds to nickel problems

BY KENNETH GOODING, MINING CORRESPONDENT

EUROPEAN ferro-nickel consumers have already been affected by a dispute between Falconbridge, the Canadian mining group, and the Government of the Dominican Republic over export duties.

Falconbridge said yesterday that a shipment of 1.8m lbs (about 817 tonnes) of ferro-nickel destined for European customers failed to leave the Dominican Republic last week.

The dispute is bound to exacerbate the growing shortage of nickel which has pushed the price of the metal up by more

than 50 per cent since January this year.

Last night the price of nickel for immediate delivery soared by another \$90 to \$4,586 a tonne, a premium over three months metal widened by \$28.50 to \$1,666.

Discussions this week between Falconbridge, the Dominican Republic and the Republic's Finance Minister so far have failed to resolve the conflict.

At issue is the Dominican Republic's decision to link an export duty on ferro-nickel shipments to the exchange rate by using four Dominican dollars to the US dollar as the base. The

current rate is five Dominican dollars to the US dollar so there is effectively a 25 per cent export duty.

Falconbridge said this was an unacceptable situation and it had no recourse but to suspend export shipments until the situation was resolved.

It is not clear whether in the circumstances Falconbridge can declare *force majeure* (the clause in a metal supply contract which allows the seller not to deliver or the buyer not to take delivery because of events beyond his control) but the com-

pany is "looking at that", an official said yesterday.

Last year Falconbridge Dominicana accounted for nearly all the 23,522 tonnes of ferro-nickel shipped by the group which also sold 41,321 tonnes of refined nickel in all forms.

Falconbridge Dominicana is continuing to produce ferro-nickel and is probably the only company in the world currently stockpiling the metal.

Mr John Harris, an analyst with Rudolf Wolff, the London metal trader, suggests that, fuelled by demand from the stainless steel producers who take more than half of production, western consumption of nickel this year will reach 610,000, a rise of nearly 8 per cent on 1986.

In a special report, "Nickel on course for \$4 a lb", he estimates the market will be in deficit to the tune of 40,000 tonnes compared with a surplus of 15,000 tonnes at the end of last year.

The tightness will continue in the first half of 1988, when western demand at about 313,000 tonnes and supply about 300,000 tonnes - leaving a deficit of 13,000 tonnes.

Western nickel stocks have shrunk from 133,000 (about 12 weeks consumption) at the beginning of this year to 93,000 tonnes (about eight weeks consumption). Mr Harris expects a further fall in stocks to 80,000 tonnes (less than eight weeks consumption) by the end of the first half of 1988.

Another key factor for the industry next year is that about half the labour contracts are up for renewal. Fear of strikes might see prices soar sharply, particularly because the unions could have more bargaining power in view of current high prices.

Mr Harris says: "We foresee a shortage of freely available nickel and a scramble is likely for the limited amount of material available."

## Cocoa market rally continues

By David Blackwell

COCOA PRICES continued to advance in London yesterday as speculators covered short positions in the run-up to the Christmas break.

The second position futures contract on the London futures market added \$12 a tonne to Monday's \$11 gain, closing at \$1,086 a tonne. That was the highest price since the beginning of the month when the price reached \$1,137 a tonne before nosediving after the failure of the International Cocoa Organisation (ICCO) to agree on measures to reactivate the price support mechanism.

Prices had gone even higher in the morning, but lost some ground on profit-taking in the afternoon, coupled with a retreat from early peaks in New York.

Market sentiment has been boosted over the past few days by the relative tightness of supply of good quality cocoa for physical delivery.

Traders cite concern over the lateness of the West African crop, the fact that producer countries are not selling much cocoa, and the dock strike in Lagos which could further hamper supplies.

There has also been talk in the market that the ICCO might meet in January to reconsider price support proposals. But yesterday an official of the organisation in London said the next meeting was scheduled to take place on February 29.

However, the Ivory Coast said yesterday that if Mr Edward Kouame, executive director of ICCO, were to convene an emergency meeting, it would be willing to attend.

## Dole backs ethanol industry

BY NANCY DUNNE IN WASHINGTON

MR ROBERT Dole, the Senate Republican leader and a candidate for the Republican presidential nomination, has urged that ethanol become a "cornerstone" of US energy policy.

Embracing a recent report released by the US Agriculture Department's Energy Office, the Senator endorsed adoption of a "consistent and reliable public policy" on ethanol, specifically continuation of current federal excise tax incentives.

The report - and Senator Dole's support - is likely to get particular attention in Iowa where the senator will challenge Vice President George Bush in the first state caucus of the presidential nomination season.

According to the report US fuel ethanol production has grown from 20m gallons in 1979 to an estimated 850m gallons this year. In the US maize is the

predominant ethanol feedstock, but other grains are used as well. The report predicts increased production efficiency in the industry with processing innovations which will reduce the cost of ethanol in the near term.

If production is encouraged through governmental policy, then existing facilities are likely to expand their capacity, and new conversions and construction are to be expected. "Ethanol will provide benefits to the agriculture sector in terms of higher prices for maize and other feed grains, increased farm income and savings on agricultural programmes which would more than offset the current federal excise tax exemptions costs for ethanol," the report said.

Increased production would also produce benefits for rural economies that are under severe economic stress by generating

jobs, personal income and tax revenues in localities now under great stress, it said.

It warned, however, that some crops - notably soybeans and other oilseeds - may be hurt by changes in farm programmes which could result from encouragement to grow more maize. It also cautioned Congress to watch the 1993 termination date for the scheduled end of the tax benefits granted to ethanol.

"Given the instability inherent in the current ethanol market, the ethanol industry needs to be assured that its products will continue to receive the support essential to remain commercially viable," the report concluded.

"With federal incentives set to expire in 1993, the necessary stability and consistency are currently lacking and discourage further expansion."

work depends on regulations being worked out by the Ministry of Commerce and Industry. It is thought that trading companies or co-operatives will be formed to handle the expected sugar exports in 1988.

Government concerns centre on the inexperience of certain sugar producers in handling their own exports and the risk of a "dumping" of sugar exports onto the world market.

The unexpected decision is essentially a victory for the more efficient sugar and alcohol producers in the state of Sao Paulo who have been lobbying for an end to the inept and expensive monopoly on exports enjoyed by the Institute for Alcohol and Sugar.

The Institute has long been dominated by north-eastern sugar and alcohol producers who have generally opposed the Government relinquishing control of exports.

Exactly how privatisation is to

## Brazil to privatise sugar export trade

BY ANN CHARTERS IN SAO PAULO

THE BRAZILIAN Government has decided to privatise sugar exports beginning next June.

The decision was taken as part of broader fiscal measures aimed at cutting government expenditure in 1988. Subsidies to producers and the costs of carrying sugar stocks are estimated to be costing \$2.10bn (\$149m) for 1987.

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## Wheat crop record beaten again

By Patrick Knight in Sao Paulo

BRAZIL'S 1987 wheat harvest of 5.7m tonnes is its third record harvest in a row and confirms a breakthrough in productivity to above 1.5 tonnes a hectare.

In the 1970s and early 1980s harvests were nearer 2m than 3m tonnes and productivity was around one tonne per hectare.

For years prices of 1984 encouraged farmers in Rio Grande do Sul and Parana to start taking wheat seriously. This year's productivity of 1.676 kilos per hectare ensures that the 1987 harvest will be the best in the country's history.

Despite a lower support price resulting in 10 per cent less than last year's 3.9m hectares being planted.

Agronomists do not foresee Brazil's wheat harvest falling below 5.5m tonnes in future except in an exceptionally poor year.

Demand is also expected to remain at about the present 7m tonnes. This year 2.1m tonnes will have been imported, 700,000 tonnes from Canada and the rest under a contract which envisages imports from Argentina rising from 1.3m tonnes to 2m tonnes by 1991.

The productivity breakthrough follows the introduction of Mexican varieties able to cope with the weather in Rio Grande do Sul and Parana, where it is usually either too dry or too wet at critical times for the traditional varieties to do well.

Improved expertise has meant that in spite of support prices for wheat now being the equivalent of US\$186 a tonne compared with US\$280 in 1984 production has risen. Brazil has consumed about 7m tonnes of wheat this year, 200,000 tonnes less than in 1986 when a record subsidy meant that flour cost bakers and consumers only 25 per cent of its ex-mill price.

The subsidy was slashed to about 20 per cent in mid-year. Improved soy prices may mean that less than the 3.4m hectares of wheat this year are planted in 1988 but much less as to make Brazil the major wheat importer it was in the past.

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"Codelco is far too important to the state and to Chile," the Mines Minister said. "But we welcome foreign investors in copper mines that are not developed in Chile, they will be developed in some other country, and we'd prefer to have them here."

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of 22.2m tonnes.

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Chile's mining code provides that the Government owns the resources but that the investors - whether Chilean or foreign - hold full concessionary rights. The holder of a mining or exploration concession is entitled to explore and exploit the deposits within the area of the concession. Foreign investors are subject to a 40 per cent tax on earnings with no limit on profits remittances and a three year waiting period for capital repatriation.

Mr Lira denied that the regime planned to privatise Codelco's mines. He said that if new copper mines are not developed in Chile, they will be developed in some other country, and we'd prefer to have them here."

"Codelco is far too important to the state and to Chile," the Mines Minister said. "But we welcome foreign investors in copper mines that are not developed in Chile, they will be developed in some other country, and we'd prefer to have them here."

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		Jan. 68	Apr. 68	Jul. 68	
ABN C	FL 44	1075	6.40	-	FL 39.20
ABN P	FL 44	31	6.62 6	-	FL 39.20
ACORN C	FL 90	11	0.66	-	FL 38.70
ACORN P	FL 90	11	0.66	-	FL 38.70
ALZO C	FL 65	123	0.50	2	5.50
ALZO P	FL 128	24	0.10	13.50	FL 31.30
AMEV C	FL 100	11	0.80	-	FL 32.50
AMEV P	FL 35	1	1.20 A	-	FL 32.50
AMV C	FL 45	-	-	40	1.80
AMV P	FL 45	-	-	50	10.50
AMV C	FL 45	-	-	4.10 B	FL 34.60
AMV P	FL 45	-	-	-	FL 34.60
ELSTVER C	FL 22	17	0.40	-	FL 44.30
ELSTVER P	FL 22	17	0.40	-	FL 44.30
GISE-ERDC C	FL 22	50	-	-	FL 44.30
GISE-ERDC P	FL 22	50	-	-	FL 44.30
HENKENS C	FL 140	54	-	-	FL 27.50
HENKENS P	FL 140	54	-	-	FL 27.50
HOOPEK C	FL 30	2	2.50	-	FL 22.60
HOOPEK P	FL 30	2	2.50	-	FL 22.60
KLM C	FL 30	105	0.50	2.70	FL 29.50
KLM P	FL 30	105	0.50	2.70	FL 29.50
LOVELLO C	FL 40	81	3.80	15	FL 23.70
LOVELLO P	FL 40	81	3.80	15	FL 23.70
MATED C	FL 100	32	1.70	-	FL 42.90
MATED P	FL 100	32	1.70	-	FL 42.90
NAT.MED C	FL 50	99	1.30	5.30	FL 49
NAT.MED P	FL 50	99	1.30	5.30	FL 49
PHILIPS C	FL 130	200	4.70 B	3.50	FL 27.90
PHILIPS P	FL 130	200	4.70 B	3.50	FL 27.90
ROYAL DUTCH C	FL 190	531	113	24.10	FL 198.70
ROYAL DUTCH P	FL 190	531	113	24.10	FL 198.70
ROSECO C	FL 75	-	-	-	FL 82.50
ROSECO P	FL 75	-	-	-	FL 82.50
UNILVER C	FL 310	-	-	44.60	FL 105.70
UNILVER P	FL 310	-	-	44.60	FL 105.70

[illegible]

The Financial Times proposes to publish a Survey on the above on **THURSDAY 28TH JANUARY 1986**. For a full editorial synopsis and details of available advertisement positions, please contact:

**BRETT TRAFFORD**  
 ☎ 81-248-5116  
*or write to him at:*

**Bracken House, 10 Cannon Street,  
London, EC4P 4BY.  
Telex: 8954871**

A 25x25 crossword puzzle grid. The grid is composed of white squares for letters and black squares for empty space. The numbers 1 through 27 are placed in the starting squares of the words. The grid is as follows:

1		2		3		4		5		6		7		8
9						10								
11											12			
13					14			15						
											16		17	
21		22				18		19		20				
23								24			25			
26												27		
28														
						29								

This calculus is troublesome, yet kind ones can appear (6-5)  
7 Fifth of November and no penny for the guy (3)  
9 Lieutenancy (2)

10 Breed of Jason the dog (9)  
11 Remarkable support for some stars (5,4)  
12 Wise man of Lytham (5)  
13 I'm only a development of separation not divorce (7)  
18 Resistance units (4)  
19 Sunday - the Germans' day for men only (4)  
20 Manipulation of body approaching maturity? (7)  
23 Catch a new knight (5)  
24 A girl more involved in long complicated affair (9)  
26 Means of lifting aircraft to make it smoother (4-5)  
27 Dot, Mark, Bill or Spike (6)  
28 Best spinner (3)  
29 Lay down, perhaps, from such a dry sort (11)

**DOWN**

1 King, I record, takes farm-butter - more than two pounds (6)  
2 Difficulty in making out with daily sex possibly (3)  
3 Bird to lose losing crest (5)  
4 Church taken in by wretched witchcraft? (7)  
5 Train is going round in circles in this province (7)  
6 What hides beauty turns out to be (3)

8 Tends to run up, getting three points (5)  
14 Here, specifically, treatment is applied to 6? (2,3,4)  
16 As noble as a double airloin (8)  
17 American train seems wrong with half of blither (3)  
19 Rubbish British keep in out-building (7)  
20 Generator of Bunter's paper round (7)  
21 Aircraft from New Jersey in unusual feat (3-3)  
22 Striking headgear for ladies? (3-3)  
26 Top marks for a brainwave (5)

**Solution to Puzzle No.6,514**

N	O	O	L	E	S	C	H	O	O	R	I	E
A	V	I	T	A	M	H	R	E				
U	S	E	L	E	S	S	C	E	D	I	P	S
S	H	E	E	N	O							
E	A	C	H		P	O	W	E	R	H	O	M
C	A	T	E	R	E							
D	I	S	T	O	M	S	T	A	R	R	A	N
S	E	E	Y	M	S	P	O	L	I			
I	S	H	M	A	E	L	B	E	J	O	A	N
S	P	O	R	T	E	N	T	O				
P	O	R	T	E	N	T	O					
L	E	T	T	L	R	P	A	L				
I	N	V	E	R	S	E						
G	U	I	S	E	M	C	M	N				
C	R	O	S	E								
E	X	P	R	E	S	S	I	O	N			

**AUTHORISED  
UNIT TRUSTS**[illegible]

## 13

**Continued on next page**

**FT UNIT TRUST INFORMATION SERVICE**[illegible]

## LONDON SHARE SERVICE

[illegible]

## Money Market Bank Accounts

[illegible]

987

## 27

**MINES – Contd**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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Margaret Gold	46	+6
ent Mining 20c	9	
50-		

[illegible]

15p	15p	
\$M1	130	

10	Anglo-Dominion	130			
11	Baron Mining 10s	120			
12	Woolley Res Corp	63	+3	4.2	8.4
13	Cons. Marsh. 10s	311			
14	WGR Inc	69			
15	Memphis Int'l 10s	35			
16	Metropolitan Ind Vap 5s	215 1/2			
17	Procter & Gamble	22 1/2			
18	Florida Cold Mines	27 1/2			
19	Midwestern	10 1/2			
20	Wichita Mining 51	50	+19	100.0	0.6
21	Wichita Mining Lab	17 1/2	+4		
22	Wichita Exploration	147			
23	Wichita Mining Res C51	12 1/2			
24	Marquette C51	389	+12		
25	Marquette C51	389	+12		
26	Non-Qual Resources	35	+13	19.4	2.6
27	Non-Qual Resources	35	+13	19.4	2.6
28	Non-Qual Resources	35	+13	19.4	2.6
29	Non-Qual Resources	35	+13	19.4	2.6
30	Non-Qual Resources	35	+13	19.4	2.6
31	Non-Qual Resources	35	+13	19.4	2.6
32	Non-Qual Resources	35	+13	19.4	2.6
33	Non-Qual Resources	35	+13	19.4	2.6
34	Non-Qual Resources	35	+13	19.4	2.6
35	Non-Qual Resources	35	+13	19.4	2.6
36	Non-Qual Resources	35	+13	19.4	2.6
37	Non-Qual Resources	35	+13	19.4	2.6
38	Non-Qual Resources	35	+13	19.4	2.6
39	Non-Qual Resources	35	+13	19.4	2.6
40	Non-Qual Resources	35	+13	19.4	2.6
41	Non-Qual Resources	35	+13	19.4	2.6
42	Non-Qual Resources	35	+13	19.4	2.6
43	Non-Qual Resources	35	+13	19.4	2.6
44	Non-Qual Resources	35	+13	19.4	2.6
45	Non-Qual Resources	35	+13	19.4	2.6
46	Non-Qual Resources	35	+13	19.4	2.6
47	Non-Qual Resources	35	+13	19.4	2.6
48	Non-Qual Resources	35	+13	19.4	2.6
49	Non-Qual Resources	35	+13	19.4	2.6
50	Non-Qual Resources	35	+13	19.4	2.6
51	Non-Qual Resources	35	+13	19.4	2.6
52	Non-Qual Resources	35	+13	19.4	2.6
53	Non-Qual Resources	35	+13	19.4	2.6
54	Non-Qual Resources	35	+13	19.4	2.6
55	Non-Qual Resources	35	+13	19.4	2.6
56	Non-Qual Resources	35	+13	19.4	2.6
57	Non-Qual Resources	35	+13	19.4	2.6
58	Non-Qual Resources	35	+13	19.4	2.6
59	Non-Qual Resources	35	+13	19.4	2.6
60	Non-Qual Resources	35	+13	19.4	2.6
61	Non-Qual Resources	35	+13	19.4	2.6
62	Non-Qual Resources	35	+13	19.4	2.6
63	Non-Qual Resources	35	+13	19.4	2.6
64	Non-Qual Resources	35	+13	19.4	2.6
65	Non-Qual Resources	35	+13	19.4	2.6
66	Non-Qual Resources	35	+13	19.4	2.6
67	Non-Qual Resources	35	+13	19.4	2.6
68	Non-Qual Resources	35	+13	19.4	2.6
69	Non-Qual Resources	35	+13	19.4	2.6
70	Non-Qual Resources	35	+13	19.4	2.6
71	Non-Qual Resources	35	+13	19.4	2.6
72	Non-Qual Resources	35	+13	19.4	2.6
73	Non-Qual Resources	35	+13	19.4	2.6
74	Non-Qual Resources	35	+13	19.4	2.6
75	Non-Qual Resources	35	+13	19.4	2.6
76	Non-Qual Resources	35	+13	19.4	2.6
77	Non-Qual Resources	35	+13	19.4	2.6
78	Non-Qual Resources	35	+13	19.4	2.6
79	Non-Qual Resources	35	+13	19.4	2.6

U.S. Group 10p	175		
U.S. Air Post 10p	26	+3	
U.S. Banknote	124		

95	Hampton Energy 10p	1.66			
96	Anderson Inc. 10p	1.66			
97	Anderson Pac. 7 1/2	1.66			
100	President Comm.	1.66			
101	Comstock 10p	1.66			
102	Comstock 10p	1.66	+1	2.00	3.2
103	Comstock 10p	1.66	+1	2.00	3.2
104	Comstock 10p	1.66	+1	2.00	3.2
105	Comstock 10p	1.66	+1	2.00	3.2
106	Comstock 10p	1.66	+1	2.00	3.2
107	Comstock 10p	1.66	+1	2.00	3.2
108	Comstock 10p	1.66	+1	2.00	3.2
109	Comstock 10p	1.66	+1	2.00	3.2
110	Comstock 10p	1.66	+1	2.00	3.2
111	Comstock 10p	1.66	+1	2.00	3.2
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Flags	10	10
Holdings	46	41
rows Leisure 20p	32	

[illegible]

UK listed; dealings permitted under the London Stock Exchange and controlled

[illegible]

over based on previous year's war  
and cover in excess of 100

**REGIONAL & IRISH STOCKS**  
 "Investing is a mixture of Republican and Irish stocks, the latter being caught in Irish currency.

450	41	Fin. 19% 97/00
81	+25	Arnotts
		CPI Hlths

Irish 25yr	17313	Current Index	144
for 1441 Shippping		Debtless Index	466
		Half (R. & H.)	105
		Helson Widge	40
		Irish Regns	1354
		Unidat for March	300

IRISH	17313	Current	144
1% 94/95	17313	1% 94/95	1354

## TRADITIONAL OPTIONS

3-month call rates

Options	#	NEI	15
1-yr	62	N W West Inc	67
2-yr	20	P & O Ltd.	65
3-yr	57	Pfizer	40
4-yr	46	Poly Tech	26
5-yr	13	Placcet	30
6-yr	33	Rockwell	65
7-yr	33	Rockwell	65
8-yr	33	Rockwell	65
9-yr	33	Rockwell	65
10-yr	33	Rockwell	65
11-yr	33	Rockwell	65
12-yr	33	Rockwell	65
13-yr	33	Rockwell	65
14-yr	33	Rockwell	65
15-yr	33	Rockwell	65
16-yr	33	Rockwell	65
17-yr	33	Rockwell	65
18-yr	33	Rockwell	65
19-yr	33	Rockwell	65
20-yr	33	Rockwell	65
21-yr	33	Rockwell	65
22-yr	33	Rockwell	65
23-yr	33	Rockwell	65
24-yr	33	Rockwell	65
25-yr	33	Rockwell	65

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Argentina	62	Yemen	24
Bahrain	28	Zanzibar	62
Belgium	30	Timor East	28
Bolivia	30	Togo	28
Brazil	41	Tanzania	62
Canada	41	Uganda	27
Chad	42	Uganda	27
China	14	Uganda	27
Colombia	113	Uganda	27
Czechia	113	Uganda	27
Dominican	125	Uganda	27
Egypt	125	Uganda	27
France	139	Uganda	27
Germany	139	Uganda	27
Ghana	139	Uganda	27
India	139	Uganda	27
Indonesia	139	Uganda	27
Italy	139	Uganda	27
Japan	139	Uganda	27
Korea	139	Uganda	27
Malaysia	139	Uganda	27
Mexico	139	Uganda	27
Netherlands	139	Uganda	27
Nigeria	139	Uganda	27
Poland	139	Uganda	27
Portugal	139	Uganda	27
Russia	139	Uganda	27
Spain	139	Uganda	27
Sweden	139	Uganda	27
Switzerland	139	Uganda	27
Taiwan	139	Uganda	27
Thailand	139	Uganda	27
Turkey	139	Uganda	27
USA	139	Uganda	27
UK	139	Uganda	27
USSR	139	Uganda	27
Vietnam	139	Uganda	27
Yugoslavia	139	Uganda	27

30	Cost Gold
62	Lowbo
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of \_\_\_\_\_ 100

## LONDON STOCK EXCHANGE

# Raid on Blue Circle features in quiet equity sector while Gilts remain dormant

Account Dealing Date  
Option  
First Declared  
Last Account  
Dealing Date  
Dec 17  
Dec 18  
Jan 1  
Jan 2  
Jan 11  
Jan 22  
Jan 29  
Feb 1  
New time dealing may take place from 9.00 am two business days earlier.

THE UK SECURITIES markets began to wind down the Christmas break yesterday, although a rash of dawn raids and special situations kept the equity market professionals on their toes. The oil share sector remained busy, but went home on tenterhooks after the City Takeover Panel said its decision on British Petroleum's \$2.3bn bid for Brioil would not be announced last night. Government bonds, awaiting the US November trade figures, due today, made no response to the passing by Congress of the US budget bill.

With the Brioil situation hanging over the markets, the major investment institution appeared content to leave the equity market where it is. The advance of the past seven trading sessions has taken the stock market above the top end of the FT-SE 100-1790 range established since the dramatic October shakeout. However, while many analysts hope for a further rally in the New Year, the institutions remain cautious.

Equities opened firmly on the back of a firm New York market overnight, and were soon enlivened by yet another dawn raid. But, with the market's mood becoming increasingly speculative, investors proved unwilling to respond to a mystery offer, via James Capel, for shares in Blue Circle Industries (BCI).

The market continued to settle downwards for the rest of the day, with an early fall on Wall Street confirming London's unwillingness to attempt a further advance. At the close, the FT-SE 100 index was a net 2.8 down at 1747.4.

The renewed tensions in the Gulf were reflected in gains for Consolidated Goldfields and RTZ but the oil share sector remained pre-occupied with the speculative implications for the UK energy sector of the attempts by BP and Amoco to gain control of Brioil.

Major exporting stocks, such as ICI, Jaguar and BAT Industries shed a few pence as investors pondered the outlook for sterling in 1988. Morgan Grenfell warned that "the steep fall in world oil prices has led to the first signs of sterling weakness for more than a year". However, added Morgan, the vulnerability of the UK economy as a whole to oil prices has been "diminishing rapidly".

Much of the equity market's recent optimism has reflected

confidence that Mr Nigel Lawson, the UK Chancellor of the Exchequer, will be able to deliver a "substantial cut in taxation" next year, to quote Kleinwort Greaves.

Government bonds ended with minor price changes on either side of their overnight quotations. Traders remained convinced that the mood is optimistic, and that buyers are waiting in the wings, ready to enter the stage when the new trading year opens. Many institutional portfolios have now been closed down for the year end valuation, and fund managers are unwilling to open up new positions ahead of the prolonged holiday break.

Heavy trading in Brioil indicated further aggressive buying by Salomon Bros. on behalf of Atlantic Richfield (ARCO) which revealed yesterday that it had already upped its stake in Brioil to 19.2 per cent.

Brioil's share price dropped steadily throughout the session to close a net 14 off at 412p, after a turnover of 35m shares, reflecting the possible implications of a Panel rejection. The Panel decision was not expected to be announced until after the closure of Wall Street last night.

BP also attracted a further substantial turnover—182m BP "new" shares moved through the system with the Kuwait Investment Office again buying in the market after announcing the previous day that its stake had been increased to over 16 per cent. The KIO announced well after the close of business that it had increased its holding to 10.7 per cent.

Dealers also said that there was good general support for BP "new" and "old" shares after crude oil prices spiked higher in the wake of the increasing tension in the Middle East. Brent crude for January delivery advanced a full 81 a barrel to \$18.10 yesterday. The "new" settled unchanged on balance at 704p while the "old" were finally a penny up at 282p after a turnover of 8.5m shares.

News that LASMO had moved recently to increase its holding in Brioil to 25.38 per cent, to top up its stake to the previous level of 29.9 per cent of the company said, triggered a fresh flurry of buying interest in Enterprise shares which jumped a further 18 to 274p. At the close, BCI stood at 454p, a net 121 higher after takeover of only 17m shares.

Remained prospective purchaser included BTR, Holger-

FINANCIAL TIMES STOCK INDICES											
	Dec. 22	Dec. 21	Dec. 18	Dec. 17	Dec. 16	Year Ago	1987	High	Low	High	Low
Government Secs.	98.19	98.21	97.72	97.86	97.46	92.96	93.32	93.73	92.74	49.18	49.18
Fixed Interest	94.71	94.69	94.80	94.90	94.90	89.72	90.51	91.09	89.75	33.75	33.75
Finance	1408.9	1405.1	1377.8	1366.6	1366.9	1294.7	1356.2	1356.2	1294.7	49.4	49.4
Gold Mines	301.1	305.6	313.8	319.0	308.4	308.9	316.7	316.7	308.4	43.5	43.5
Oil, Dividend	4.44	4.46	4.55	4.60	4.64	4.63	4.63	4.63	4.63	13.8	13.8
Energy (incl. Oil)	11.11	11.17	11.38	11.53	11.59	10.51	11.59	11.59	10.51	20.4	20.4
P/E Ratio (incl. Oil)	11.08	10.96	10.77	10.65	10.57	11.68	10.57	10.57	11.68	3008.8	3008.8
SEAQ Bargain (Cm)	24,326	27,997	28,077	27,907	24,367	25,461	24,367	24,367	25,461	130.9	131.8
Equity Turnover (Cm)	1,446.28	1,498.46	1,386.27	1,301.78	1,367.62	42,682	1,367.62	1,367.62	42,682	2661.4	2661.4
Share Bargain	30,680	31,571	30,711	29,899	29,899	42,682	30,711	30,711	42,682	131.8	131.8
Shares Traded (M)	569.2	633.4	588.2	564.3	564.3	490.5	564.3	564.3	490.5	2446.4	2446.4

Base 100 Gilt, Stock 150/100, Finance 100, Oil 100, Gold Mines 100, SEAQ 100, Equity Turnover 100, Share Bargain 100, Shares Traded 100.

LONDON REPORT AND LATEST SHARE INDEX: TEL 01-0898 123001

Day's High 1423.8, Day's Low 1403.2

10 a.m. 1412.8, 11 a.m. 1411.7, Noon 1413.9, 1 p.m. 1415.8, 2 p.m. 1415.0, 3 p.m. 1414.4, 4 p.m. 1407.3

Opening 1423.2

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Opening 1423.2

Day's High 1423.8, Day's Low 1403.2

10 a.m. 1412.8, 11 a.m. 1411.7, Noon 1413.9, 1 p.m. 1415.8, 2 p.m. 1415.0, 3 p.m. 1414.4, 4 p.m. 1407.3

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Day's High 1423.8, Day's Low 1403.2

10 a.m. 1412.8, 11 a.m. 1411.7, Noon 1413.9, 1 p.m. 14

## WORLD STOCK MARKETS

[illegible][illegible]

# Indices

## NEW YORK

## DOW JONES

	Dec. 21	Dec. 18	Dec. 17	Dec. 16	High	Low	High	Low
Industrials	1970.38	1975.30	1924.48	1974.47	2722.42 (C)	1738.42 (C)	2722.42 (C)	41.28 (C)
Chemicals	66.19	66.22	66.23	66.11	65.21	61.28	65.21	07/152
Energy	767.86	767.29	768.56	764.71	792	740.30	792	1101.36
Transport	176.96	176.05	176.67	176.46	176.92	176.05	176.92	176.92
Utilities	176.96	176.05	176.67	176.46	176.92	176.05	176.92	176.92
Other's High 2008.45 (C) 2002.92 Low 1919.55 (C) 1914.73								

## STANDARD AND POORS

	Dec. 21	Dec. 18	Dec. 17	Dec. 16	High	Low	High	Low
Composite S	249.54	249.16	242.08	248.11	256.77 (C)	223.02 (C)	256.77 (C)	4.40 (C)
Industrials	288.25	287.56	280.28	286.52	292.17 (C)	258.45 (C)	292.17 (C)	3.62 (C)
Financials	21.28	21.76	20.92	21.71	22.45 (C)	20.19 (C)	22.45 (C)	01/153
NYSE Composite	139.49	139.15	136.02	138.34	142.01 (C)	125.01 (C)	142.01 (C)	4.46 (C)
Amex Ind. vol.	254.75	256.87	251.18	252.11	256.77 (C)	242.92 (C)	256.77 (C)	25.33 (C)
NASDAQ OTC Comp	336.67	336.41	334.15	334.25	336.77 (C)	334.15 (C)	336.77 (C)	01/172

	Dec. 18	Dec. 11	Dec. 4	year ago (approx.)
Dow Industrial Div. Yield	3.50	3.69	3.88	3.59
	Dec. 16	Dec. 9	Dec. 2	year ago (approx.)
S & P Industrial div. yield	3.58	3.24	3.85	2.94
S & P P/E ratio	3.13	3.15	14.73	17.99

## TRADING ACTIVITY

	Trading				NEW YORK			
	Dec. 21	Dec. 18	Dec. 17	Dec. 16	Dec. 21	Dec. 18	Dec. 17	Dec. 16
New York	162,933	228,498	193,644	193,644	1,977	1,979	1,979	1,979
OTC	142,827	149,240	164,813	164,813	329	329	329	329
					716	716	716	716
					362	362	362	362
					30	30	30	30
					41	41	41	41

## CANADA

	Dec. 21	Dec. 18	Dec. 17	Dec. 16	High	Low
Metals & Minerals Composite	2755.31	2849.01	2876.17	2865.11	2897.51 (C)	1983.2 (C)
Montreal Portfolio	1611.99	1603.83	1570.04	1592.63	1624.17 (C)	1436.94 (C)

## NEW YORK ACTIVE STOCKS

	Stocks	Change	Change	Stocks	Change	Change
	Monday	12/21/87	on day	Tuesday	12/22/87	on day
Trans	1,944,000	314.00	314.00	1,944,000	314.00	314.00
Energy	1,944,000	314.00	314.00	1,944,000	314.00	314.00
Finance	1,944,000	314.00	314.00	1,944,000	314.00	314.00
Steel	1,944,000	314.00	314.00	1,944,000	314.00	314.00
Auto	1,944,000	314.00	314.00	1,944,000	314.00	314.00
Other	1,944,000	314.00	314.00	1,944,000	314.00	314.00

	Dec. 22	Dec. 21	Dec. 20	Dec. 19	1987	High	Low
AUSTRALIA	1264.8	1253.3	1259.7	1255.6	2085.9 (C)	1151.9 (C)	1151.9 (C)
All Ordinaries (C) 1987	756.8	745.1	744.1	755.6	1462.9 (C)	386.9 (C)	386.9 (C)
AUSTRIA	180.66	181.51	180.55	180.21	252.19 (C)	179.01 (C)	179.01 (C)
Central Finance (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
BELGIUM	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Bourse de Bruxelles (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
DENMARK	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Copenhagen S (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
FINLAND	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Stock Exchange (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
FRANCE	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Paris Cote (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Ind. Transp. (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
GERMANY	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
FAZ Aktien (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Composite (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
HONG KONG	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Hong Kong Stock (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
ITALY	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Stock Exchange (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
JAPAN	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Nikkei 225 (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Topex S. New (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
NETHERLANDS	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
ANPS General (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
ANPS Industrial (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
NORWAY	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Oslo S (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
SINGAPORE	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Strait Times (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
SOUTH AFRICA	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
JSE Gold (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
JSE Industrial (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
SPAIN	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Madrid S (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
SWEDEN	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Stockholm S (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
SWITZERLAND	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
Six Swiss (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)
U.S. Capital Int. (C) 1987	392.23	391.23	390.08	392.25	5112.2 (C)	300.8 (C)	300.8 (C)

\*\* Switzerland December 12: Japan Index (C) 136 (C).

# CANADA

[illegible]**OVER-THE-COUNTER** *Nasdaq national market, closing prices*[illegible]

### CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)					
	RISES			FALLS	
Abbey Life	341	+ 8	Pittsburgh	280	+ 10
Blue Circle	454	+ 121	Royal Bank of Scot.	351	+ 16
Body Shop	765	+ 40	Sovereign Oil	91	+ 11
Chemical Ind.	474	+ 16	Wmager (Georg)	229	+ 10
Grand Met.	456	+ 14	Woodworth Hlgs.	270	+ 35
LASMO	384	+ 15			
M & G Group	301	+ 31	BTR	366	- 17
Northern Foods	408	+ 17	Bechemm	453	- 16
Perit Group	405	+ 18	Bristol	14	- 13
Rel. Genf	301	+ 18	Cornubium	348	- 13

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**Continued on Page 21**

**Continued on Page 29**

**Continued on Page 29**

## AMERICA

## Lack of signals sends Dow into listless decline

## Wall Street

US EQUITIES continued to show little over-all direction, dropping yesterday after gaining modestly on Monday, writes Janet Bush in New York.

There seem to be few underlying reasons for day-to-day swings. The Dow Jones Industrial Average recovered an earlier loss of more than 40 points to close only 11.93 points lower at 1,978.45, reversing part of Monday's 15.08 gain.

Yesterday morning, both bonds and equities had put in a lacklustre performance in spite of news that Congress had finally resolved its differences over the bill to cut the budget deficit. The dollar showed very little reaction.

The US currency was also unimpressed by the actual signing of the spending bills yesterday afternoon by President Reagan and reports that the widely-expected statement by the Group of Seven industrial countries would be published during Tokyo trading early today.

The dollar was quoted unchanged from its mid-session levels yesterday at around ¥125.35 and DM1.0270, near to its session lows.

Trading on currency markets was thin as many institutions have already closed their books for the Christmas holidays. However, when volume rises again to more normal levels, deep scepticism about any vague Group of Seven statement planned could begin to surface.

The US Treasury bond market yesterday weakened, extending Monday's price falls in quiet business. The Treasury's 30-year 8.75 per cent issue closed around 1/2 lower, to yield 9.04 per cent.

In the equity market, a degree of uncertainty persists about how long the market falls in quiet recovery which has, with some interludes, been in place since early November. This uncertainty means investors are taking any opportunity to take profits when the market rises.

Among blue chip issues, IBM recovered from a mid-session decline to close only 1/4 lower at \$118. News emerged yesterday that the company intends to form a partnership with Super-computer Systems, formed in

October by prominent designer Steve Chen, to develop advanced computing systems. Cray Research, Mr Chen's former employer, dropped 3/4 to \$704.

Eastman Kodak closed 1/4 lower at \$49 1/2 in spite of its announcement of joint venture with Matsushita Electrical Group to build a production facility to manufacture batteries.

Argonaut Group's share plunged 3/4 to \$30 1/2 after news that its merger agreement with Gibbons, Green, Van Amerongen had been terminated. Under the agreement, Argonaut would have been bought for \$65 a share in a combination of cash and securities.

The merger failed because radical market movements since the merger agreement on October 4 had significantly changed the planned financing. Argonaut's announcement yesterday that it would buy back up to 2m of its common shares did little to bolster the share price.

There was substantial activity in shares subject to takeover rumours yesterday. Pfizer jumped 3/4 to \$49 1/2 on rumours that the company could be the subject of a takeover attempt at \$80 a share or more. Some of the suitors rumoured are Hoechst of West Germany, General Electric Co and Du Pont.

Atlantic Richfield, profiting along with other oil companies from a sharp rise in crude oil futures yesterday afternoon, ended 3/4 higher at \$67 1/2. The company said yesterday it had built its stake in Britoil to 19.25 per cent by the close of business on Monday. British Petroleum, which owns 25.9 per cent of Britoil and wants to acquire control of the company, fell 1/4 to \$55.

## Canada

Toronto stocks closed lower as profit-taking in mining issues and tax-related selling drove the market down.

The composite index, which had earlier dropped about 28 points, recovered slightly in late trading to close down 13.50 at 3,156.80. Falls outpaced advances by 479 to 444 on modest active volume of 28.3m shares.

"Today is the last day for tax-loss selling in Canada," said David Wilkes of Moss, Lawson and Co Ltd. "There is some weakness because of that."

## SOUTH AFRICA

WITH little change in the bullion price to offer the market a lead, Johannesburg gold shares extended Monday's easier trend in diminishing trade.

Val Reef fell another R7 to R335 among heavyweight golds, while at the cheaper end of the sector Libanon gave up 96 cents to R12.80. Mining financials followed suit

as Anglo American dipped 25 cents to R55.75.

Other miners continued to take a lead from cheaper golds. In platinum, Impala was 30 cents cheaper at R28.25 and leading diamond De Beers shed 25 cents also to R28.25. Other miners were steady where traded. Industrials ended narrowly mixed.

David Dodwell takes stock of some of the winners and losers in one of this year's most badly bruised markets

## Perplexed Hong Kong is still licking its wounds

THE RETIREMENT early this month of Mr Ronald Li as chairman of Hong Kong's Stock Exchange marks the end of an era in more ways than one.

He would have hoped to enter the history books as the man who since single-handedly forged Hong Kong's four stock exchanges into one in April last year, and then catapulted the new exchange into the international big league.

His ambitions might have succeeded through a combination of determination and bare-faced audacity, had it not been for the "meltdown" of October 19, from which Hong Kong's listed companies emerged worse off than almost any others worldwide.

Today, unbowed by critics who say he ruined the reputation of Hong Kong's securities industry by shutting the exchange during the collapse, Mr Li can make no grander claim than that he has over-

seen the exchange through an important period of transition, as an international market.

Early in October, it appeared certain that he would retire in a blaze of glory. The Hang Seng index was pressing close to the 4,000 level, having risen from about 2,500 at the start of the year.

Hong Kong appeared the darling of the international investing community. More than 30 companies were queuing for listing on the market, and more than HK\$40bn (\$6bn) had been raised by companies over the year. Among numerous successful new listings, two were oversubscribed more than 200 times, with moderate prices seen by many as a virtual licence to print money.

A buoyant - some would say overheated - economy underpinned rises in corporate profits of 60 to 120 per cent, making the most ambitious price-earnings ratios appear moderate over a short period.

October 19 changed all of this. After a controversial four-day closure during which Hong Kong stockbrokers watched the debacle on other markets and sat paralysed in their own share prices plunged further than in any other market worldwide.

Hang Seng index stocks slumped an average of more than 43 per cent, while second-line stock lost up to 80 per cent of their value. More than HK\$220bn was wiped off the stock market's capitalisation.

For many of Hong Kong's blue chips, the experience was perplexing. Many were reporting profits growth of 60 per cent to 120 per cent, carried negligible debt and had business prospects that were not in any obvious way jeopardised by the equity market collapse.

For second-line stocks, where trading is traditionally thin and highly speculative, the collapse had more serious implications. Mr Robert Ng,

whose family controls the property group Sino-Land, is understood to owe about HK\$200m in the wake of the parallel collapse of the local futures market.

Two of the territory's most controversial young entrepreneurs were also mauled - Mr Joseph Lau, the head of Evergo and its sister companies Chinese Estates and China Entertainment, and Mr Tony Wong, who heads the publishing group Jadenman. Mr Lau has not yet disclosed how heavy a debt burden he now carries, but Mr Wong recently revealed write-offs amounting to more than HK\$150m due to stock market losses.

Mr Li Kashing, who heads Cheung Kong, as well as Hutchison Whampoa, Hong Kong Electric and the new group, Cavendish International, was among the few to emerge richer. In that a HK\$10bn rights issue, planned before the collapse, went

ahead in spite of the crash, with a churlish group of underwriters having to pay prices far above those prevailing in the wake of the crash.

As a result, Mr Li is cash rich when potential takeover targets worldwide carry price tags significantly lower than two months ago. After making his substantial minority stake in Canada's Husky Oil, and then a holding in Cable and Wireless of the UK, many feel it will not be long before further major acquisitions are planned.

Inevitably, the crash put an end to flotation plans for a number of companies. For some analysts, the proposal to float Club Volvo, which is little more than a profitable up-market grille-bar, the crash might have come as a blessing. But on the other hand, it is a pity the first listing by a mainland Chinese company - the Guangdong International Trust

and Investment - did not come to fruit.

Many stock-market operators say the crash may bring more good than harm in the long term. The tighter regulation that will almost certainly emerge following a Government-appointed inquiry will eradicate some of the abuses that in the past have gone unchecked.

Reforms that have aroused controversy over the course of the year - over two-tier share structures, "back-door listings" and legislation aimed at inhibiting insider trading - will all receive firmer backing than might in the past have been possible.

No-one can yet predict what changes will follow the inquiry led by Mr Ian Hay Davidson into the past failings of the securities industry, but confidence remains high that changes will be comprehensive, and will restore the necessary investor confidence.

## Balancing act at year-end provides modest advances

EUROPEAN bourses made steady, if slight, progress with institutional book-balancing before the year's end proving a greater influence than international signals.

FRANKFURT slipped from a gently firmer opening to end mixed as traders failed to find before the year's end proving a greater influence than international signals.

Carmakers continued a strong spell, Porsche in particular surging DM17 to DM457, though the rise was largely attributed to a few buying orders in a thin market. BMW rose DM5 to DM477 and Daimler 60 pf to DM615.50. VW edged DM1.50 higher to DM236.50.

Banks cheapened a touch. Deutsche was DM2 off at DM411.50 and Dresdner DM1 down at DM237.50. Commerzbank eased DM1.50 to DM225.

Chemicals edged higher with the exception of pharmaceuticals. Hoechst, which lost DM4.50 to DM34.50, Resellers Kautsch and Karstadt kept up recent good form, adding DM12.50 to DM430 and DM7 to DM454, but also was another DM4 off at DM575 and Masco DM3 lower at DM224.

ZURICH rose slightly on the steady dollar. The Swiss index was 5.2 higher at 780.3.

Insurers saw a flurry of trade against a thin market as Swiss Re climbed SF220 to SF12,500 and Winterthur SF75 to SF1,950. Credit Suisse picked up SF230 to SF2,450, but Union Bank was SF745 weaker at SF3,080.

Engineers were narrowly mixed, but chemicals generally firmed. Ciba-Geigy putting on SF60 to SF2,620 and Sandos SF300 to SF12,500.

AMSTERDAM lost early impetus on Wall Street's hesitant opening. The CBS tendency all-share index closed steady at 66.1. International blue chips ended mostly lower on softness in New

## London

AFTER opening firmly on Wall Street's overnight rise, equities were enlivened by takeover excitement before settling downwards. The FT-SE 100 index ended down 2.8 at 1,747.

York, though KLM added 60 cents to £1.29, Nedlloyd also moved higher, by £1 to £1.18. BRUSSELS moved ahead on selective buying. The crash index rose 34 to 3,542.32 after having risen 5 the previous session. Monday's index was not calculated on the day due to a computer mishap.

In holdings, Reserve added a further BF30 to BF2,070, while GBL was BF35 up also at BF2,070. Utilities and chemicals continued to advance. UCB rose BF250 to BF715.

PAAS closed down but off its worst in fairly active session at the end of the accounting period. The bourse indicator edged 0.96 per cent off.

Blue chips were mixed, but MFI added FF757 to FF1,220 and Lafarge-Coppel FF14 to FF1,245.

MADRID ended mixed on selective profit-taking after Monday's solid gains. The general index closed 0.47 higher at 2,337.4.

MILAN crept higher in light trade. The MIS index finished 3.0 up at 697.0. Montedison ended a recent slide with a 1/4 gain to 1,358.

STOCKHOLM made a minute advance as institutions balanced their books before the holidays. The Affärsvarlden general index edged 0.1 higher to 680.4.

OSLO inched higher in lacklustre trade. The all-share index closed 1.97 up at 250.25.

## ASIA

## Pension fund sales accelerate slide

## Tokyo

LIGHT selling in the absence of institutional interest in the market dragged equities lower in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average turned down 215.82 to 22,741.02. Volume shrank from Monday's 599.91m to 403.98m shares. Declines outnumbered advances by 636 to 240, with 144 issues unchanged.

After a firmer start reflecting the previous day's moderate rally and continued strength on Wall Street overnight, the market eased, helped down by news that pension funds had sold some holdings through trust banks before their year-end settlements of accounts.

In the absence of market leaders speculative funds concentrated on a segment of smaller capitalisation issues. Among these, Japan Synthetic Rubber gained ¥20 to ¥931 on the day's second biggest volume of 15.61m shares and investors' strong interest in a paper-thin call being developed by the group.

Jusco climbed ¥80 to ¥1,580 on the assessment that the supermarket chain operator stands to benefit from the strong yen because of its high import ratio.

Shipings drew interest almost across the board. Shioya Shipping surged ¥31 to ¥345, Yamashita-Shinnihon Steamship ¥8 to ¥222 and Shinwa Kaiun ¥18 to ¥300.

Among issues related to plant and equipment investment, Yagawa Electric strengthened ¥20 to ¥1,480 on expectations of stronger demand for measuring instruments. Nachi-Fujikoshi closed ¥18 down at ¥573 after rising ¥13 at one stage.

The high-technology sector, meanwhile, weakened broadly on small-lot selling. Hitachi fell ¥40 to ¥1,200, while Matsushita Electric Industrial closed ¥30 down at ¥2,180 after firming ¥30 at one stage. Fujitsu shed ¥30 to ¥1,210 and Nippon Telegraph and Telephone, one of the previous session's main gainers, lost ¥30,000 to ¥2,360.

Among pharmaceuticals, Takeda Chemical Industries and Yamanouchi Pharmaceutical plunged ¥70 each to ¥3,000 and ¥3,910.

Large-capitals stayed out of favour. Nippon Steel, the busiest issue with 17.07m shares traded, weakened ¥9 to ¥398. Ishikawa-Jima-Harima Heavy Industries declined ¥25 to ¥662 and Nippon Kokan ¥4 to ¥300.

Large-capital chemicals were also hurt. Sumitomo chemical skidded ¥17 to ¥387.

Bonds moved sideways, ending a three-day falling streak in yields due to uncertainty about the course of US interest rates.

Investors awaited a decision, expected tomorrow, by the Ministry of Finance on issuance terms for the 10-year government bonds in January.

The yield on the ballwater 5.0 per cent government bond due in December 1997 rose from Monday's 4.51 per cent finish to 4.52 per cent after falling at one point to 4.49 per cent.

On the Osaka Securities Exchange, the OSE Stock Average shed 147.57 to 23,078.57 on a volume of 108.16m shares, up 13.58m from Monday.

One pharmaceutical slipped ¥200 to ¥6,500 and Maruichi Steel Tube ¥50 to ¥1,500.

## Australia

CONTINUED demand for base metal miners' and industrial issues left Sydney share prices higher in moderate trade after a consistently buoyant session. The All Ordinaries index ended 17.5 higher at 1,987.8.

Gold also edged higher following a 12 cent gain for Western Mining to A\$5.92 on news of a planned Canadian purchase.

Bell Resources added 17 cents to A\$1.42 on news it had sold its

remaining stake in Texaco. MTM advanced 18 cents to A\$1.95, while Bougainville and Comalco each made up 15 cents to A\$3.85 and A\$2.85.

## Singapore

A SUSTAINED search for bargains among quality issues, led by domestic institutional investors, led Singapore shares to their seventh successive firmer close. The Straits Times Industrial Index rose 15.53 to 823.49.

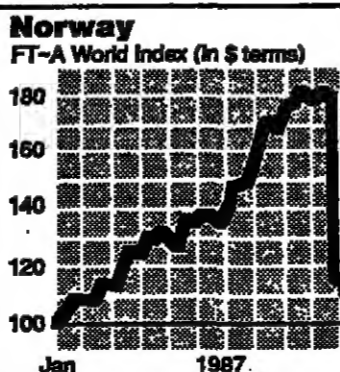
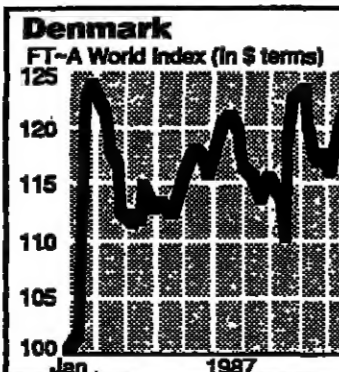
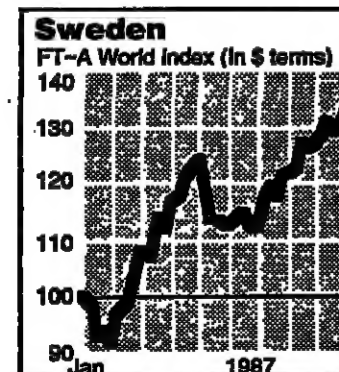
Fraser and Neave continued its strong run with a 30 cent rise to S\$7.75, while ICS added 40 cents to S\$7. Sime Darby made up 5 cents to S\$2.09, while plantation stocks generally rose on stronger palm oil prices.

## Hong Kong

GUSTS of profit-taking checked mild bids to rally Hong Kong share prices, leaving the market mixed by the close. The Hang Seng index ended 1.72 up at 2,276.41.

Commercial and industrial issues found support against generally weaker utilities and properties. Jardine Matheson added 40 cents to HK\$10.30, but Hutchison Whampoa fell 5 cents to HK\$7.10.

## THE YEAR IN FOCUS



Jointly compiled by the Financial Times, Goldman Sachs & Co. and Wood Mackenzie & Co. Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries.

## FT - ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS	TUESDAY DECEMBER 22 1987					MONDAY DECEMBER 21 1987					DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)		
Figures in parentheses show number of stocks per country													
Australia (88)	99.03	+1.6	80.21	92.46	4.47	97.47	79.12	90.83	180.81	85.36	99.94		
Austria (16)	96.51	-0.6	78.17	81.81	2.56	97.11	78.83	82.47	102.87	85.53	96.66		
Belgium (48)	96.82	+1.4	78.41	81.77	5.77	97.51	77.52	80.91	134.89	94.63	97.03		
Canada (127)	109.90	-0.4	89.01	103.89	2.99	110.51	89.70	104.99	141.78	98.15	100.44		
Denmark (38)	113.45	-0.1	91.88	96.82	3.05	113.56	92.18	97.15	124.83	98.18	98.51		
France (121)	95.88	-0.3	69.58	74.16	3.57	86.13	69.91	74.61	121.82	77.99	102.41		
West Germany (93)	77.63	+0.7	62.88	65.72	2.88	77.06	62.95	65.46	104.93	68.91	97.75		
Hong Kong (16)	88.16	-0.5	71.41	88.08	5.62	87.49	71.18	87.82	158.68	73.92	96.91		
Ireland (14)	105.36	+1.6	85.33	91.08	4.97	105.67	84.15	89.75	160.22	93.50	97.99		
Italy (94)	78.02	+0.6	63.19	69.81	2.74	77.55	62.95	69.50	112.71	72.04	98.16		
Japan (457)	143.51	-0.5	116.25	124.84	2.62	99.36	117.10	115.81	161.28	100.00	97.62		
Malaysia (24)	108.80	+0.0	88.12	104.68	3.45	108.84	88.35	104.61	195.64	96.74	99.74		
Mexico (14)	103.21	+0.3	83.59	253.34	1.18	102.92	83.54	252.63	422.59	99.72	98.35		
Netherlands (37)	97.45	-0.2	78.93	81.53	5.50	97.65	79.26	81.91	131.41	87.70	99.46		
New Zealand (20)	74.59	+1.4	60.42	61.70	5.51	73.99	59.57	60.26	138.95	73.99	98.48		
Norway (22)	99.80	+1.1	80.83	86.32	3.16	98.49	80.10	85.53	185.01	95.51	98.04		
Singapore (26)	96.49	+2.3	78.15	88.97	2.72	94.35	76.59	87.16	174.28	81.21	100.90		
South Africa (61)	132.07	-1.2	106.97	90.23	4.73	133.72	108.54	91.36	198.09	100.00	102.01		
Spain (43)	133.14	+1.2	107.84	111.61	3.74	131.61	106.89	110.62	168.81	100.00	97.62		
Sweden (34)	92.35	+0.0	82.67	87.14	2.28	91.43	82.97	87.57	134.64	98.04	97.53		
Switzerland (53)	82.45	+0.8	66.78	67.65	2.44	81.78	66.38	67.36	111.11	73.65	97.81		
United Kingdom (332)	131.45	+0.2	106.46	106.46	3.97	131.15	106.45	106.45	162.87	99.65	97.05		
USA (580)	101.65	+0.0	82.93	101.65	4.34	101.62	82.48	101.62	137.42	91.21	101.98		
Europe (947)	103.77	+0.4	84.05	86.51	3.89	103.41	83.94	86.42	130.02	92.25	98.05		
Pacific Basin (673)	139.64	-0.4	113.10	112.87	0.81	140.25	113.84	113.70	158.77	100.00	97.70		
Europe-Pacific (1620)	125.33	-0.2	101.51	102.33	1.94	125.55	101.91	102.80	143.65	100.00	97.84		
North America (707)	102.08	+0.0	80.88	101.79	3.61	102.09	82.87	101.80	137.55	92.68	101.90		
Europe Ex. UK (615)	86.61	+0.5	70.15	73.95	3.45	86.20	69.97	73.82	111.97	78.89	98.69		
Pacific Ex. Japan (216)	92.89	+1.2	75.24	87.70	4.79	91.76	74.48	86.56	164.03	82.92	98.78		
World Ex. US (1822)	124.86	-0.2	107.13	102.38	1.91	125.11	101.55	102.87	143.38	100.00	97.99		
World Ex. UK (2070)	114.35	-0.2	92.61	101.70	2.28	114.53	92.97	102.05	138.42	100.00	98.78		
World Ex. So. Afr. (2341)	115.76	-0.1	93.75	102.20	2.48	115.89	94.07	102.50	139.60	99.62	98.52		
World Ex. Japan (1945)	102.63	+0.1	83.12	95.67	3.76	102.48	83.18	95.82	134.22	92.98	100.45		
The World Index (2402)	115.86	-0.1	93.84	102.14	2.49	116.00	94.16	102.45	139.73	100.00	99.53		